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MONASH University



Pinoy Indie, Inc.:
**The Cultural Economy of Distribution and
Philippine Independent Cinema**

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Abstract

This thesis investigates the cultural economy of film distribution set against the backdrop of Philippine independent cinema.

Considered as the business centre of filmmaking, film distribution is typically studied from an economic perspective and traditionally falls outside the remit of film studies. However, the role that economics play in filmmaking cannot be regarded as an exclusive object or subject in the field of business and economics and not of the arts, since film is both a cultural good and economic commodity. As such, this thesis offers a more balanced viewpoint by taking on a humanities perspective in analysing and understanding the complex interplay of culture and economics as applied to Philippine cinema. The project also provides an Asian context to a generally western-dominated approach to the study of film distribution and thereby contributes to the (now) growing literature on distribution studies situated in the larger area of film studies. This thesis employs in-depth interview and case study analysis in addressing the central issue of how the independent sector struggles to access the various film distribution platforms in an attempt to sustain itself.

The first chapter positions my research in the field, surveys existing scholarship on independent cinema and film distribution, and sets up the theoretical grounding of this thesis on the cultural economy framework. The second chapter fleshes out the notion of independence in filmmaking and contextualises the study by outlining the historical development of Philippine independent cinema. The third chapter analyses the interaction between mainstream and independent cinema and the current shifting

movements happening between the two sectors. The next four chapters examine the film distribution and exhibition practices in the Philippines and how these affect the relationship of the mainstream and independent sectors and address the sustainability issue of the independents. Chapter Four lays out the conceptual framework of film distribution and exhibition as intermediary spaces and maps out a historical landscape of film distribution and exhibition in the Philippines. This is followed by an overview of the film distribution economy spectrum, namely, formal, semi-formal, and informal. Chapter Five explores the formality of the traditional platforms of theatrical and non-theatrical distribution method, while Chapter Six discusses the formality of the emerging distribution and exhibition platforms that utilise new media technologies. Both chapters present the challenges that independent filmmakers face in passing through the layers of gatekeepers in order to bring the film to its audience. Chapter Seven sets out a clearer definition of the semi-formal distribution economy and cites different self-distribution methods to illustrate and support my claim. This chapter also looks into the informal distribution method of piracy and its constructive effects on independent filmmaking. It also explains how technology is changing the role of the audience from being a passive consumer to an active producer to a dynamic distributor. Lastly, Chapter Eight probes into the identity of the Philippine film industry and the role of the state, their implications on cultural or film policy development, and how these elements impact the overall state of Philippine cinema.

Declaration

This thesis contains no material, which has been accepted for the award of any other degree or diploma at any university or equivalent institution and that, to the best of my knowledge and belief, this thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

Signature: 

Print Name: Michael Kho Lim

Date: 2 May 2017

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Introduction

Film Distribution in Action

In 2006, Emeritus Professor and filmmaker Clodualdo del Mundo, Jr. made a diagnosis of the state of the Philippine film industry and declared it to be a dying patient confined in the intensive care unit. It was the time when the country's annual film output was down to 55 and the production quality was low ("Pagsusuri"). It was also when a new generation of film mavericks was born and various independent film festivals were established. This eventually led to the resurgence of Philippine independent cinema. Since then, several films have been produced mostly through these festivals. However, once the festival is over, the distribution of these films can also end—that is the films do not go far beyond their festival audience. The wider public is unable to see these films because they are not shown in theatres. As such, the films are unable to generate enough ticket sales that would supposedly defray production costs and serve as capital for new film projects. While the festivals (and the filmmakers) have been actively preparing for film production, they have not prepared any distribution plan that rolls out the films to the general audience. They have focused their attention and energy on the creative aspects that the business side was neglected. This is where the premise that distribution is the weakest link and where the sustainability issue of the independent sector come in and from which the context of this thesis is undertaken.

Having had professional practice in producing and marketing a number of (mainstream and independent) full-length feature and documentary films and having

taught film/video production in a university for almost a decade in the Philippines have led me to take a strong interest in this research area. It is my objective to analyse and understand the complex interplay of culture and economics in the context of film as a cultural good and economic commodity, its implications to the national government's cultural policy development, and how such policy, if any, affects the growth of the cultural economy of the Philippines. In reference to the thesis title, *Pinoy* is the colloquial term for Filipino, the official demonym of the people of the Philippines, while *indie* is a diminutive of "independent" and generally refers to the nature of a work of art and its artist. I used "Inc." to connote the business component of filmmaking that is distribution but also to signify the *incorporation* or integration of the cultural and economic elements of filmmaking.

A sweeping look at the film industry's composition shows that it is dominated by members of the creative or technical department such as directors, production designers, art directors, cinematographers, editors, music scorers, effects artists among others, while the smaller percentage belongs to the production management team. The majority then are artists in the purest form of the word—those who are more focused on developing and mastering their craft and do not have a strong business sense. While this is debatable, there is a perception that these filmmakers (usually referring to directors) make films only for themselves and do not care about reaching an audience. Given the nature and structure of an independent film production, the director sometimes also acts as the producer and takes charge of the administrative and entrepreneurial elements of filmmaking; or sometimes, the director also becomes the distributor of his/her film. Thus, the situation for independent filmmakers is more complex, as they need to assume multiple roles most of the time.

Despite the absence of a clear or agreed definition of independent cinema, this sector has been in existence for many decades in the Philippines. However, the challenges of being sustainable remain to be an unresolved issue. Other scholars may argue that it is possible that the independent sector has been sustaining itself all this time because it has been around for more than half a century. However, this premise may not be entirely true, as the independents have always been struggling on the margins. Thus, it can be argued that the sector is surviving, or it could be thriving at the moment but it has no clear direction.

The several recognition that Filipino independent filmmakers have been receiving recently has led to the gradual increase of scholars to conduct research on Philippine independent cinema, which mostly follows the film studies tradition of textual analysis, aesthetic representation, or the study of film as an art form and cultural object. To date, there is no study that explores film distribution, particularly that of the independent sector in the Philippines. Not many people, even those coming from the industry themselves, have a good grasp of distribution. It is this little knowledge and unaddressed area of filmmaking that this thesis wants to expound on. This thesis aims to provide a greater understanding of the business of independent filmmaking by shifting the focus away from textual questions of representations to industrial contexts and questions of economic sustainability. In effect, aside from enriching the knowledge in the field of film studies, this thesis also has practical implications and applications.

Sustainability is about a maintained state of existence or continuity. It goes beyond the concept of commodification, which involves “transforming use values into exchange values” (Mosco 129). It begins with the capacity of the cultural commodity to gain from its cultural value in the form of an exchange value but continues to look at the

maximisation of that exchange value. In filmmaking, it is the ability of the film as a cultural object to maximise its shelf life or in this case “screening life”—that is screening the film in as many venues as possible. Garnham calls this strategy as “audience maximization” (160; also cited in Hesmondhalgh, “Cultural Industries” 29; S. Murray 162). This concept of sustainability is differently defined for the indie and mainstream sectors, as their setup is completely different. For the indies, keeping themselves “afloat is part of the creative process” since they are usually very small groups or entities (Mulholland 38). For the studios that have a corporate business setting and established sets of systems that ensure its life or continuity of business, their concern is to have a high return on investment or income, and their idea of sustainability could be conflated with that of profitability.

In addressing the “big” question of sustainability then, the research project looks at the state of the Philippine independent film sector—how it started or evolved, what its current state is, where it is headed to, and the sector’s state of independence by examining its structure and how it operates. Indie filmmakers are typically described to have no funds or insufficient funding to start their film projects and usually have to rely on grants. This discussion of funding raises the issue of control in relation to the filmmaker’s degree of independence: who is in control, whose interests are at stake, what is at stake? These variables are always at play: the funder’s control vis-à-vis the filmmaker’s independence.

As mentioned earlier, the Philippine independent scene flourished again when various indie film festivals were set up. However, these festivals are only platforms that provide seed money to start up the film project but filmmakers still need to pool in additional funds through sponsorships, barter agreements, crowdsourcing and other

similar alternative financing schemes to produce the film. For instance, there have been cases where Cinemalaya festival grantees withdrew from the competition due to lack of counterpart funding (InterAksyon; San Diego, “No Producers”). The cash grant that Cinemalaya Foundation awards to selected filmmakers comes from its long-time benefactor Antonio “Tonyboy” Cojuangco through one of his companies, Econolink Investments, Inc., which is a major partner of the festival. In 2014 however, Cojuangco pulled out his funding support for the festival. At present, the festival relies on government funding to run the event (San Diego, “Cojuangco”). In contrast, this kind of scenario does not happen to the studios.

Nonetheless, since the indie film industry is now booming in the Philippines and what used to be on the margins is moving forward, the areas of distribution and exhibition require a deeper understanding more than ever. Now, both scholars and industry practitioners are looking at the possibilities of how distribution can be central to having a sustainable film industry. In 2002 for instance, Sir Alan Parker, CBE of the UK Film Council delivered a speech entitled “Building a sustainable UK film industry,” which included distribution as one of the key ingredients for reinventing UK as a “film hub” (9). Ten years later, the British Film Institute (BFI) launched a five-year comprehensive international plan entitled “Film Forever: Supporting UK Film (BFI Plan 2012-2017),” which maps out UK’s strategic directions for its film industry. In the same year, an independent research report prepared by Olsberg-SPI came out and took into account the roles of government, technology, the industry, and the public in working together to achieve industry sustainability (2012). The Philippines is coming in from behind. In 2013, a panel was formed to discuss about sustainable cinema in the Philippines in the International Film Expo held in Manila (Cremin).

The present and pressing issues described above have therefore led to the development of the main research question of this research project: How can the Philippine independent film industry address its sustainability issues through distribution? This raises the following subsidiary questions: How is Philippine independent cinema defined or being redefined? Is it really independent? What are the existing business models or traditional distribution practices being utilised by the film industry today? Does having or applying feasible business strategies answer the sustainability concern of an independent film production? What alternative or other formal distribution practices are being adopted? What emerging business models are being explored by independent film outfits? How does the informal distribution system such as piracy work for or against the independent film sector? How does the changing dynamics of audience affect the mechanics of film distribution system? How do these parallel economies affect the growth or redefinition of Philippine independent cinema in relation to its sustainability? What is the relationship and role of state and cultural policy in the sustainability of the independent film sector? How does having a sound and viable film (or cultural) policy sustain or propel the growth of this segment and contribute to the cultural economy of the country?

I respond to all these questions in the body of this thesis, which I outline briefly. The first chapter locates the project in the field of film studies and surveys the related literature on studying distribution in general. I highlight its importance especially since it is an understudied area in film studies and then relates this to the independent film sector and situates it in the Philippine context. This chapter explains the theoretical trajectory used in studying distribution from the theoretical feud between cultural studies and political economy up to the cultural economy framework that this thesis

adopts. This chapter also describes the research methodology that I employ for this thesis—interview and case study analysis. I also indicate here the selection criteria of the participants and ensure that key stakeholders and all filmmaking aspects of production, distribution, and exhibition are equally represented.

Chapter Two explores the question of independence in filmmaking: Is there really an independent cinema? It examines how this is defined and clarifies these definitions. It enumerates the various elements that characterise independent filmmaking such as looking at its criteria of independence and the success indicators of an indie film. It also discusses the film industry landscape in terms of the mainstream-indie binary and the various labels that sprung from everything in between such as “dependencies,” “indiewood,” “maindie,” “main-dependent cinema” among others. It profiles and characterises some of the industry players through case studies. The chapter also traces the origins of Philippine independent cinema and maps out a parallel historical structure with that of American independent cinema, as it moves to analysing the present state of Philippine indie cinema in the next chapter.

Chapter Three investigates the current shifting movements between the mainstream and independent sectors. It looks at how the indies are going mainstream and how the mainstream is going indie. The chapter addresses the following questions: Where is the independent sector headed to? What is it doing to get to its destination? Is it using mainstream’s distribution channels and becoming mainstream-dependent? How does it intend to sustain its operations? Does sustaining the indie sector mean mainstreaming the sector? What business models (if any) is it using? On the other hand, how does the mainstream sector view the rise of the independents? Does mainstream see them as a threat, hence it is moving towards producing films with an indie style?

Does the establishment of an indie division under its parent studio a business strategy that the mainstream is undertaking to “compete” with the independents? Is it applying the same business model to run its indie division? Is this seen as a positive move towards improving the quality of mainstream films being produced? What factors drive the mainstream sector to take this action? How does the independent sector respond to this movement?

The next four chapters cover the whole film distribution economy spectrum. Chapter Four opens with a layout of the spectrum and sets out the definition of the formal, semi-formal, and informal economies. This is followed by the theoretical grounding of distribution and exhibition as intermediary spaces. Then it provides a historical landscape of film distribution and exhibition in the Philippines from standalone cinemas to the rise of multiplexes. It presents an overview of the distribution and exhibition system, their business practices, how power is structured, and the power struggle that exists within the film value chain.

Chapter Five is centred on the traditional distribution route of theatrical and non-theatrical releases in the formal economy. The chapter delves into the structures, operations and processes of both distribution channels and looks at how the independent sector approaches and responds to them. It lists down the entry barriers and analyses the factors that generally hinder indie filmmakers from accessing the elusive theatrical platform. The chapter also breaks down the different non-theatrical avenues that a film can take, which include DVD releases, broadcast rights for free TV and cable, film markets, and the local and international film festival circuit that have created the so-called festival economy. The chapter also includes case study profiles of films, their respective outfits, and a discussion of how these films are distributed,

exhibited, and received, and how both theatrical and non-theatrical platforms affect the film's cultural value and economic value.

Chapter Six investigates another type of formal economy, which I classify as the emerging distribution and exhibition platforms. They are "emerging" because they are relatively new channels that utilise new media technologies. The chapter probes into how technology has made a digital turn in both distribution and exhibition and how the industry is able to adapt to these changes and adjust its business models to thrive in the digital age. It looks into the effect of online distribution on the traditional windowing system of film distribution and the rise of the "cybermediary" (Sliver and Alpert 63) that is rendering the distributor irrelevant. The chapter also challenges Chris Anderson's long-tail theory, which argues that "our culture and economy are... moving toward a huge number of niches in the tail" ("Longer" 52). There are also instances when the film is distributed online for free. How can this be a sustainable model if the film is freely available? Will free online distribution kill the piracy problem? This chapter expounds on the role of technology as a driver of film distribution and determines whether online distribution is the way to go. It also features case studies of selected films based on the experiences of indie film producers, directors, distributors, and exhibitors.

Chapter Seven closes the topic of film distribution economies, as it explains the semi-formal and informal distribution methods. First, it fleshes out the concept of semi-formal economy or that space between the formal and informal economies. Second, it tackles the issue of piracy in the informal economy as a yardstick of success and looks at its constructive effects. As the piracy culture / economy has also found its way to independent films, the chapter also enquires: How is piracy affecting the indie players? How are they addressing piracy now that it has invaded the indiescape? This chapter

also takes into account the role of audience as an (informal) distributor in the positive and negative sense of the word as a marketer and pirate, respectively.

Chapter Eight emphasises the roles of the state and the industry in relation to cultural policy. It starts by defining what an industry is and how film is regarded as an industry in the Philippines. It also demonstrates the conceptual confusion brought about by the concept of creative industries and how the government's misunderstanding of the phrase has led to a more disorganised way of classifying film as an industry that it suffers from an identity crisis. This problem is carried over to policymaking because the industrial classification is usually used as the basis of policy development. The chapter then scrutinises the cultural policy of the state, as well as other related statutes and industry strategies like production grants or subsidies, tax incentives, creative clusters, and other pending house bills in the Congress and Senate. It also looks into the state of cultural policy in the Philippines and the political entanglement that policies go through, including the politics of state institutions that further complicate policymaking. In the end, the chapter answers the question: Does having a cultural / national film policy in place answer the sustainability issue of the industry?

Throughout this thesis, the term “economy” is used to denote transactions that require exchange value, the concern for or even prioritisation of the bottom line, and that at the heart of this thesis, film distribution is a matter of economics. While this is true, I contend that there is a heavy emphasis on the economic aspects of things—from the discourse of independent filmmaking to film distribution up to policymaking. Hence, I argue that there is a corresponding cultural element to all these even if they appear to be purely economic at face value. For example, there is a culture of film distribution and exhibition, and these cultural elements have a role in forming the economic counterpart.

Keeping them balanced all the time could be impossible but since economics is already at the forefront, I assert that there is a need to foreground the “cultural” so it can go side by side with the “economic,” such that culture and economy do not collide but unite.

This thesis intends to contribute largely to the field of film studies but because of its interdisciplinary approach, it overlaps and intersects with a variety of fields like cultural economy, cultural policy, political economy, and cultural studies. As this is the first study that examines the interrelationship of independent filmmaking and film distribution and exhibition in the Philippines, it hopes to break ground and pave way for more researches on this topic to enrich this area of film scholarship in the country.

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Chapter 1

Film Business in Film Studies

The introduction of cinema in the Philippines came during the tail end of Spanish colonization in the form of business enterprise rather than an artistic endeavor or a “local felt need” (Lumbera, “Brief History” 5). Specifically, the arrival of film in the country pertains to the successful initiative of Spanish businessman and photographer Señor Francisco Pertierra (Guardiola 228) who imported four titles and a 60mm (Demeny-)Gaumont chronophotograph projector from France (Deocampo, “Cine” 32, 42; Yeatter 5) and installed it in his phonograph salon at No. 12, Interior, Escolta in December 1896 (del Mundo, “Philippines” 89; Deocampo 37; Guardiola 228; Sotto, “Brief” 31, “Short” 41). Then on 1 January 1897, Señor Pertierra screened these 45-second shorts (Deocampo, “Short” 8; Lent, “Asian” 150), together with a phonograph program (Deocampo, “Cine” 38), and sold admission tickets (Lent, “Asian” 150; see Figure 1). Although Deocampo clarifies that the exact date “may be challenged” (“Cine” 61, 339), the event marked the first public film screening in the Philippines. Pertierra was in business for about three weeks (Abel 515; Deocampo, “Cine” 64). Seven months later, Swiss businessmen Messrs Leibman and Peritz opened a movie house at No. 31, Escolta Street (del Mundo, “Philippines” 89; Lumbera, “Brief History” 5; “Re-Viewing” 35; Sotto, “Brief” 32, “Short” 41) and hired the Spanish soldier Antonio Ramos as the cinematograph operator, who was among the first to buy a Lumiere *Cinematographe* and brought this to Manila, along with thirty titles from the Lumiere brothers (Armes

Figure 1. Señor Pertierra's announcement of the Philippines' first public film screening that appeared in *El Comercio* on 2 January 1897

Fonografo Pertierra

Escolta 12, interior.

Audición todos los días de 10 á
mañana y de 4 tarde a 7 noche.

Audición para mañana, Domingo 3 de
Enero de 1897,

- 1.º Discurso de Castelar, llamado Je-
rusalen
- 2.º Canción del collarero, en el coro
de Señores, por la begovia.
- 3.º Dúo da a Manjula, por la Lib-
rato Prado y Barrieoa.
- 4.º Balata del Mundo, por U tan.
- 5.º Jota por la Arana
- 6.º La Giralda Sevilla-Inglaterra.

**ESPECTACULO CIENTIFICO
DE PERTIERA.**

(Escolta 12 interior)

El Kronofotografo

Sesiones todos los dias de 7 á 11 noche
Las exhibiciones están ~~sujección~~ al
siguiente programa:

- 1.º Cuadro de proyeccion ~~matinas~~
parejas estatuas artisticas etc.
- 2.º El Kronofotografo cuatro cuadros
bajo la forma que sigue.
- 1.º cuadro La figura de un hombre,
a medio cuerpo con formas y posicio-
nes diversas cambiando tambien de forma
su Sombrero
- 2.º Escena de baile Japonés (vista ilu-
minada)
- 3.º Escena de boxea
- 4.º La calle de Montmartre de Paris
con su continuo movimiento

Precio.
Sillas 0.50 — Lunetas 0.30

Source: Guardiola's "The Colonial Imaginary" (196); also in Deocampo's *Cine* (38)

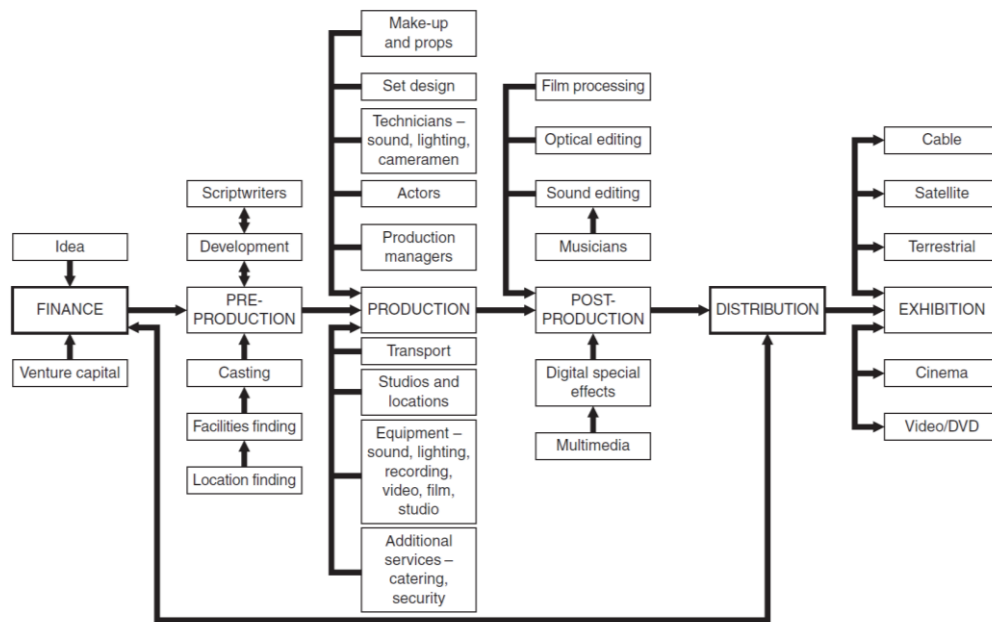
151; Deocampo, "Cine" 46, "Short" 9; Guardiola 228; Yeatter 6). First-class tickets were priced at one peso, while second-class or general admission tickets cost fifty centavos (del Mundo, "Philippines" 89; Deocampo, "Cine" 50). The prices were reduced to 60 and 30 centavos around three weeks later (Sotto, "Brief" 32), and further reduced to 40 and

20 centavos, respectively, during the last few days of the *cinematografo* screening (Deocampo, "Cine" 50). Leibman and Peritz were in business for about three months (Abel 515; Deocampo, "Cine" 49).

This brief history of early Philippine cinema illustrates that the film industry started as a business venture (del Mundo, "Industry is Alive" 6-7) of bringing film as a new technology or invention to the country (Javier-Alonso 35) before the film medium was explored as art. Two problems have always persisted and troubled the early producers or businesspeople: "expensive technology and inadequate capital" (Lumbera, "Brief History" 6). Even at the early stages of Philippine cinema, sustaining the business has always been a concern. Despite these challenges, many enterprising individuals still opened movie houses in the city (Sotto, "Short" 41). In the case of Leibman and Peritz, their business operated longer than Señor Pertierra's because of their distribution tie-ups that provided them a regular supply of movie selections. Capitalism ascertained that these businesses continue to grow. In June 1909, a Singapore-based distribution company Pathe Freres set up an office in Manila (Lent, "Asian" 150) and began selling and leasing its equipment and films (Sotto, "Brief" 33). This was a key development in Philippine cinema that gave rise to the formation of several local film production studios and movie houses (Deocampo, "Short Film" 9). Looking back at the major events that boosted the growth of Philippine cinema, it is clear that the production of movie outputs was a result of the need to provide content to sustain all the businesses. Hence, the business saga continues.

In figure 2, Coe and Johns demonstrate the six stages of filmmaking (193). Everything begins from sourcing out the funds or capital that will run the film production. In filmmaking, money makes the reel go 'round. However, the real business

Figure 2. The six-stage film production system



Source: Coe and Johns' "Beyond Production Clusters" (193)

part commences when the film becomes a finished product and goes through the transactional process of distribution and exhibition. Distribution is the process of bringing the movie out to the market, while exhibition is the moment the movie is shown to an audience or has reached the market. Of all the stages, distribution is the most crucial because it connects production and exhibition (1), and yet it "receives the least amount of public attention" (2; also S. Murray, "Cultivating" 161). Distribution practically controls the whole film industry (Lent, "Asian" 163) since it has the power to dictate what the consumers can see or not see (S. Murray, "Cultivating" 161). Scott asserts that distribution, as well as marketing, is a vital component in any cultural-products industrial system ("French Cinema" 4) but the importance of finance and distribution in the whole filmmaking process usually remains unrecognized (Coe and Johns 203).

While distribution is typically described as a "distinctly mundane and prosaic activity," it is considered the most commercial part of the film industry" (Moran,

“Terms” 2; also Garnham, “Capitalism” 183) because it is through this channel that investments are recouped. Hence, it could be said that distribution is the pathway to sustainability (or even profitability). As Garnham argues, *“It is cultural distribution, not cultural production, that is the key locus of power and profit.* It is access to distribution which is the key to cultural plurality” (“Capitalism,” emphasis in original, 162; also “Concepts” 32). Distribution is an area that people know little about in filmmaking—not even the directors who call the shots or producers who manage the production comprehend this fully. For the mainstream sector, film distribution is set up as an established system; but for the independent sector, this is the missing component that the indies are just exploring at present. While there are some (independent) producers who are knowledgeable about the film business, they are few. Even so, they still find film distribution as a challenge since they are dealing with an unconventional cultural product outside the established structures of the market-driven and profit-driven mainstream film industry (Lumbera, “Brief History” 12, 15).

It is precisely this mutual misunderstanding or not understanding the creative and the commercial aspects of filmmaking that sometimes ignites the clash or disagreements between the director and the producer. This is also reflected in the academy as the dichotomy of the arts and business fields or the creativity and commerce dialectic (Davies and Sigthorsson 22; Hesmondhalgh, “Cultural Industries” 28-29). Distribution is an unexplored terrain, hence rather invisible, in film scholarship. The economics of filmmaking is traditionally discussed as a business agenda or from the social science perspective and not studied in-depth in the field of film studies. As McDonald notes, while economics is vital to the study of the media industry and “industry is fundamental to film,” film studies paradoxically excludes these aspects of filmmaking (“In Focus”

146). However, the role that economics play in filmmaking cannot be simply regarded as a subject exclusive to the field of business and economics and not of the arts. My research takes it from the other way around and intends to contribute to the field of film studies in terms of studying the business and economics of filmmaking from the humanities perspective with the attempt to bridge that perceived gap or divide between the arts and economics or at least provide another perspective.

1.1. Film studies: an industry approach

There are many approaches to film studies. In his introduction to the *Oxford Guide to Film Studies*, Richard Dyer identifies two ways a film is valued. First, in the tradition of formal-aesthetic discourse, film is regarded as art (4; also Kolker 13) and is valued for its “artistic merits” (Dyer, “Introduction” 4). Later, the discipline of film studies began to have a more solid grounding when the concept of auteurism flourished in the 1960s (5), which posits that the director as artist is the film’s author (Buckland, “Authorship” 50; Caughie, “Introduction” 9; “Authors” 413; S. Crofts 310; Schatz, “Film Industry Studies” 49). Second, the social-ideological value of film argues that there is something more outside the realm of film as art, and looks at the “industrial character” (Dyer, “Introduction” 6) or context of filmmaking in terms of its modes of production and consumption (Gomery, “Hollywood as Industry” 245; Turner, “Cultural” 196; “Film” 273), and how other aspects such as political factors among others affect modern society and vice versa (Dyer, “Introduction” 6). This has led to a cultural studies perspective in film studies where a close reading of film as text (8; Turner, “Cultural” 195; Turner, “Film” 270-4) takes place in the form of “ideological textual analysis” (Dyer, “Introduction” 8). It

embeds film in a bigger historical and cultural context (Stam 223) and claims that textual facts of a film—its narrative structure, message, audio-visual elements—are perceptions of social reality. However, criticism on its methodology has opened up doors for film studies to discuss film production and consumption, which are often tackled in the social sciences (Dyer, “Introduction” 8). Hence in the last decade, it has been noted that film studies has realised the impact that cultural studies perspective had in business and economics and other branches of the “‘hard’ social sciences” that discussions of cultures of enterprise and film production have become “more widely accepted as a key explanatory concept” in the field of film studies (9) and has expanded its discussion to address trade and economic issues (Kolker 12).

In relation to this development, new (sub)fields have emerged from the vast fields of media, communication and film studies, namely, media production studies and media industry studies. Mayer, Banks and Caldwell have carefully put together a series of articles pertaining to the origins of production studies and the different approaches to studying media production in the book *Production Studies: Cultural Studies of Media Industries*. It takes on the cultural studies perspective by incorporating the historical and materialist aspects of cultural industries, labour practices and organizational structures in examining and understanding production culture (5; Govil 172). A good example is Caldwell’s *Production Culture*, which examines the “cultural practices and belief systems” of both above- and below-the-line production workers in Los Angeles (1) through an integrated cultural-industrial research methodologies: textual analysis, interview, ethnographic field observation and economic/industrial analysis (4, 345). The book sheds light on the more anonymous production personnel such as gaffers and grips by letting them “construct their own cultural and interpretative frameworks” (Spicer et

al 8). The book also provides a thorough investigation and in-depth analyses of the details of film production and thereby fleshing out its production culture.

The other development in studying the industrial characteristic of filmmaking and its inter/relationship with other disciplines or fields is “Media Industries Studies.” In their introduction, Holt and Perren ask if the world needs another field of study. While they agree that the world does not need another field and yet one has emerged (2), the section does not clearly define what media industry studies is as it claims. However, the book accounts for its history, theory, the methodologies and models used for its study, and the future direction of media industry research. In another article, Paul McDonald clarifies, “Media Industries Studies” is not a new or discrete field of study but a “subfield of research and pedagogy in Cultural, Film, and Media Studies, ...taking an explicit focus on industrial structures, processes, and practices” (“In Focus” 145). He further traces why and how the industry approach to film studies arrived late and explains that since auteurism has played an important role in the legitimization of film scholarship or cinema studies (147; also Stam 92; Tolentino, “Eroding” 9), authorship tended to disregard the “industrial, institutional, and market contexts” of filmmaking and just focused on the meaning-making aspect of the film as text (McDonald, “In Focus” 147). Hesmondhalgh provides a clearer distinction between the two subfields: production studies looks at the production process and labour in relation to how a certain media output is formed/produced; while media industry studies looks at media institutions, their operations and industry practices, which in turn affect the production process (“Media Industry” 146). Hence McDonald sees production studies as a subfield of the media industries studies subfield (“In Focus” 149).

As such, media industry studies encompasses the broad spectrum of media and recognizes that each medium has its own set of production process. From each medium's perspective then, one can situate its study using an industry approach. This is how Thomas Schatz applies the industry studies approach to film and explains why this approach is critical to film studies ("Film Industry Studies" 45). Using the American context, he identifies the three types of producers that compose the film industry—the major Hollywood studios, their conglomerate-owned indie divisions, and the genuine indie productions. He then moves to address their differences in terms of "film style, authorship and mode of production" and points out that all these are related aspects of the whole filmmaking process and the primary concerns of the industry approach (46; Spicer et al 8). As a supporter of film as a collaborative activity, Schatz also specifies that a film's authorship and style are not simply determined by the director but "a melding of institutional forces," which include other film production personnel, the studio's structure and operations, and even its executives ("Whole Equation" 92-93). Caldwell also has an extensive discussion on this as the "industrial auteur theory" and "industrial identity theory" ("Production Culture" 197-274). However, Coe and Johns observe that contemporary film industry research tends to favour and focus on film production (192) that other key areas of the production system such as "finance, distribution and exhibition" are neglected and thereby ignoring the complexity of their interrelationships (190). They see this approach to be too narrow; hence, they emphasize "the need to look beyond *production* to understand the inherent power relations underlying the whole production system" (202, emphasis in original). By acknowledging that filmmaking is inherently collaborative (Drake, "Reputational" 141), studying film will therefore always revisit the context of how the film was made and the industry it belongs to. In

analysing the modes of film production then, Schatz notes a top to bottom assessment—that is from a “macro-industrial” level of analysing the structure and operations of the whole film industry (“Film Industry Studies” 46) to a “micro-industrial” level of focusing on the three classes of producers mentioned above (48).

Thus, film industry studies looks into the relationship of industry and content. It raises questions regarding how the industry—through its structure and operations, ownership and control—influences film content, how technological developments and media convergence challenge traditional business models, how films are circulated, the impact that trans/national flow of content has on the industry, and how the (creative) film economy relates to the national and/or global economy? These are just some of the many issues that film industry studies address (McDonald, “In Focus” 149; Tolentino, “Eroding” 110-1). For instance, Govil cites the Indian film trade as an example. When it was recognized as an industry and was conferred its official status in 1998, its government then opened “new institutional financing channels” and linked this to how India positions its media industry in the global economy (174). Therefore, an industry approach is best used to look at the whole film industry landscape in relation to a bigger picture of the nation and/or the world.

1.2. Distribution in film industry studies

As some scholars have noted, the study of media industries cuts across other wide-ranging subject areas such as business and economics, management, information systems, geography and law to name a few (McDonald, “In Focus” 145; Lobato, “Politics” 168). This relationship between creativity and commerce is also characterised by friction

and tension, and its discussion seems to be always polarised (Hesmondhalgh, “Cultural Industries” 82). For example, when the study of media or a particular medium or its industry intersects with those other disciplines, it is usually taken up from the perspective of these fields trying to understand the media / industry and making this its object of inquiry. Caldwell calls for a more integrated dialogue among these seemingly opposing disciplines for each has its strength and weakness. He claims that social science “misses the centrality of industrial textual practice,” while film studies might just gloss over “the economic regimes in which texts are always embedded.” Hence, it is important to acknowledge their connections to create a good big picture (“Para-Industry 158).

In my survey of relevant literature exploring the broad area of film economics, I note its scarcity on three aspects: at the level of distribution in general, on indie film distribution, and its uptake in the Philippine context. While there is a growing literature on the indie sector in film studies, its discussion of distribution is still relegated to the margins. The fact that indie productions are smaller in scale poses more issues that need addressing. Hence, I note the value in studying them because they are part of the whole picture of the film industry and they deserve as much attention and space as the major players in the industry. Other scholars observe similarly. Perren notes this dearth of literature on film distribution and attributes it to the “definitional inconsistencies and the absence of a conversation across various areas of Media Studies” (“Rethinking” 165, 171), while Cubitt points to the “perspectives on media and mediation” that emphasise culture, power and economics as a reason that distribution as a subject area remains unaddressed and “largely unanalyzed” (194). Books on media economics such as those written by Albarran, Doyle (both editions), Litman (with other contributing writers), and

Vogel, and those edited by Albarran et al, Alexander et al, and Moul touch lightly on the topic of distribution and discuss it at the level of its function and relations but do not provide a critical analysis of distribution's role in shaping the industry. Some of these works are also highly quantitative (utilising financial and economic analyses) and lean more towards the business and management field.

Ryan and Hearn also affirm the limited studies on film distribution. Hence, they call for a more "research-driven approach" to cope with and be attuned to the rapidly changing technological landscape that affects the film industry especially that of the indie sector (134). Their paper is a good starting point in studying the growing digital and online environment, as they have provided case studies of viable business models and contemporary filmmaking practices with a focus on distribution and marketing. In another article, Miller, Schiwy and Salván emphasise distribution as an important element in transnational cinema (197). Their study is focused on the circulation of Latin American films in the US and notes the tendency of film scholars and policy-makers to favour production and disregard distribution and exhibition in the filmmaking discourse. Both papers serve as references to an industry approach to film studies and provide a good case for studying distribution in the film industry. Their discussion though is geared towards the mainstream sector and on the formal media economy based on the known or legal distribution channels or platforms.

Key literatures on the indie film sector include works of Phil Hall, Michael Newman, Yannis Tzioumakis, and Geoff King, all of whom have publications discussing the history and culture of American independent film or cinema. These will be used to demonstrate the parallel structure and future direction of Philippine independent cinema. Hall's book offers a do-it-yourself approach to distributing indie films. It starts with an overview of

the state of American independent cinema and walks the reader through the process and components of distribution. The interspersed interview transcripts in each chapter provide helpful and practical information in understanding the business of film distribution. Tzioumakis has an article specific to American independent film distribution and argues that emerging business models for this sector can make its industry sustain itself (“Reclaiming” 1).

Highly relevant and closest to my study are the works of Ramon Lobato. He has a number of publications devoted to the subject of film distribution and the informal media economy. His book *Shadow Economies of Cinema*, which is a version of his dissertation *Subcinema*, is centred on “the politics of film distribution from a transnational perspective” (“Mapping” i) and provides an extensive discussion and survey of distribution across the globe. He sees the study of distribution as “the missing link in film studies” (1) and a space where scholars and activists are needed to intervene (13). Holt also agrees on exploring the “gray areas” or the booming “informal media economies” (187) since these are rather “unknown” territories. In Lobato’s other works, he surveys the scholarship tradition used to study distribution and provides some guiding principles to ground its study (“Theorizing”). He also discusses the politics and practice of online film distribution (“Politics”), how the world can learn from Nigeria’s pioneering, innovative and successful film distribution model that established Nollywood as an industry (“Lessons”), and how the thriving world of digital piracy as an informal distribution system can be “integrated into existing methodological norms of film industry analysis” (“Sideways” 86).

In the Philippines, there is also paucity in literature in terms of studying independent cinema in general. Rarely do these researches make an in-depth

exploration on the subject of (independent) film as a creative commodity or discuss the economic side of indie film production. Most of the existing studies take on a historical perspective of Philippine cinema focusing on certain timelines such as del Mundo's *Native Resistance*, Deocampo's American and Spanish influences on Philippine cinema, and Yeatter's *Cinema of the Philippines*. Other literatures are in the forms of film criticism or textual analysis such as the works of Joel David, Bienvenido Lumbera, Noel Vera, and the essays that appear on Tolentino's *Geopolitics of the Visible*. When the indie sector is discussed though, it is usually just glossed over or forms part a section of an essay or a book. These can be seen in books on Southeast/ Asian cinema such as Baumgärtel's *Southeast Asian Independent Cinema*, Ingawanij and McKay's *Glimpses of Freedom* and Lent's *The Asian Film Industry*. Another approach is usually content-based or doing a con/textual analysis and the like. Some recent works include Valerio's Master's thesis that takes a postcolonial reading of Philippine independent cinema and his article that sets to define the *Pinoy* indie film aesthetics through an interview with director Brillante Mendoza. Nonetheless, all these literatures still serve as puzzle pieces that help build the whole picture of the Philippine indie film sector.

A possible reason for this thin body of knowledge is that Philippine independent cinema is a work in progress right now. The rise or "re/awakening" of the Filipino indie filmmakers only came when the Cinemalaya Philippine Independent Film Festival was established in 2004 (Jardin, "Cinemalaya" 149, "Preface" 1; Tioseco, "Shifting" 301). Filipino critic and film historian Lito Zulueta regards this occurrence as the "third golden age" of Philippine cinema (Gutierrez; Tejero, "Another," "Third"), while del Mundo refers to these emerging filmmakers as the "fifth generation" ("Post-Brocka" 40). Cinemalaya organisers claim that the festival "has enticed the commercial mainstream

to crossover” giving birth to an “in-between world... labelled as ‘maindie’” (Valisno). This is discussed further in Chapter Three. Hence, the industry’s current state can be described as “in transition” or located somewhere in the middle as if crossing a bridge. It is no longer on the periphery and yet still not on the centre stage. However, the real and more important question is “in transition to where?” Where does it want to go? Is it trying to cross over to or even overthrow the mainstream? In order to address these questions, there is a need to look at how these films move across time and space—a definition that Cubitt set (194) and Lobato used in his dissertation (2) to analyse the distribution process and system or how films are circulated after they have been produced. These questions ultimately revolve around the turfs of culture, politics and economy, which are intersectional aspects of filmmaking.

1.3. Distribution Studies: From political economy to cultural economy

The next critical question then is what framework best addresses the questions being posed? This section presents the theoretical trajectory in studying film distribution. Wasko and Meehan identify two approaches to studying media industries. They call the first “celebratory,” which is also known as media economics; and the second is “contextual,” or commonly known as the political economy of media. Both clearly state that they are advocates of the contextual approach and that their essay is actually a response to the criticisms of the third or “new” approaches to media industry studies (150).

As described earlier, those coming from the media economics paradigm tend to lack the critical component of discussion (Lobato, “Theorizing” 114) and usually employ

the top-down approach in analysing the organisational structure of the film industry, in contrast to the bottom-up approach typically used by anthropologists and sociologists (Holt and Perren 6). An example is the study of Eliashberg, Elberse and Leenders, where they review the “critical managerial issues” across key stages of the film value chain from production to distribution and exhibition. They present hypotheses that can help management in its decision-making process and identify the challenges that can lead to further research.

While Albarran outlines four other research paradigms to media economics, namely, microeconomic concepts, industrial organization model, policy studies and political economy (“Research Paradigms” 120-122), the first two still fall under a top-down approach because it examines management structure and policies across media institutions. He cites Gomery and Litman among those who have used these models. Gomery’s works in particular play a key role in media economics, as he introduces industrial and economic analysis to media industries studies (Holt and Perren 6). This approach is explained in the book he co-authored with Robert Allen (“Film History” 138-143). This is also evident in his other publications (“Economics of Hollywood,” “Hollywood as Industry,” “Hollywood Studio System” 3-4, “Shared Pleasures” xviii-xix) that are framed from a social science perspective (Bordwell, “Foreword” xi) and focus on economic questions that trace the business history of the film industry. A more recent work that looks into the economic history of early Southeast Asian cinema by examining its distribution and exhibition from a colonial and transnational perspective is Nadi Tofighian’s dissertation entitled “Blurring the Colonial Binary.” These types of “archival research” are what Lobato describes to be overlapping with the political economy tradition (“Theorizing” 115). He also adds Tino Balio, Thomas Guback, Janet Staiger,

Kristin Thompson, Michael Quinn and Justin Wyatt to the same group (diss. 30; “Theorizing” 115). This can also be said of Albarran’s inclusion of political economy as an approach to media economics (“Research Paradigms” 122).

The tradition of political economy can be traced to the time of Adam Smith and David Ricardo in the eighteenth and nineteenth centuries. However, its more contemporary critical dimension points to Vincent Mosco’s *The Political Economy of Communication* (Holt and Perren 7), which refers to “the study of the social relations, particularly the power relations, that mutually constitute the production, distribution, and consumption of resources” (Mosco 24; qtd. in Cunningham et al 40). Conversely, McDonald cites Wasko’s *Hollywood in the Information Age* as a “landmark text” that brings political economy and gives an industry perspective to film studies (“In Focus” 148-149). Hesmondhalgh agrees that political economy used to be a “lazy synonym” for the study of media production or industry but this is no longer the case when media production / industry studies have boomed in the recent years. This has led to the “aging” (“Media Industry” 148) or stagnation of political economy and seen the rise of new approaches (147), which Wasko and Meehan see no need for.

Criticisms on critical political economy are centred on it being heavily focused on the business of big media institutions (Havens et al 235), the power they wield to gain corporate dominance and control media ownership (Cunningham et al 53-4, 59; Hardy 189), the emphasis on news production rather than entertainment (Oakley and O’Connor 12), the neglect for audiences (Wasko, “Critiquing Hollywood” 27) and the role of agency (Cunningham et al 49) “in interpreting, focusing, and redirecting economic forces that provide for complexity and contradiction within media industries” (236). As such, it can be said that the political economy framework also employs a top-down

approach in its study of how the industry operates (Perren, "Rethinking" 166). This is evident in Drake's analysis of Hollywood's distribution and marketing system ("Distribution" 63), as well as in Schatz' examination of the classical or Old Hollywood ("Genius") and New Hollywood (482; "New Hollywood, New Millennium" 19; "Old Hollywood/New Hollywood" 189). In defence of political economy as being "simplistic and inadequate," Wasko and Meehan (152) cite relevant researches to address the criticisms of Havens, Lotz and Tinic who call for a critical media industry studies (156).

Critical media industry studies is concerned with the "micropolitics of institutional operation and production practices" (Havens et al 238) and approaches its study from the bottom up (Perren, "Rethinking" 166) such as evidenced by Lobato's *Shadow Economies of Cinema* (168). These approaches are what Wasko and Meehan label as "new" and fall under different rubrics like convergence culture, production culture, media industry studies (150-151), critical production studies, creative industry studies, cultural economy, cultural production, and middle-range theory among others (Cunningham et al 9, 62; Havens et al 236). Likewise, Hesmondhalgh describes two emerging approaches that are somewhat taking over political economy: the study of creative industries and a "cultural studies-oriented analysis of production" ("Media Industry" 148). Examples of these are Caldwell's *Production Culture* and Mayer's et al *Production Studies*. Nonetheless, Wasko and Meehan still reject political economy even if these "new" approaches claim to draw on the existing frameworks of cultural studies and political economy (151; Oakley and O'Connor 13). While Govil also agrees that these new approaches are rooted in older paradigms (172), he notes that cultural studies and political economy are now regarded more "as allied approaches, complementary rather than divergent" (173). This also alludes to du Gay's positioning of cultural economy (1-6)

as a type of intermediary or moderator between the two conflicting school of thoughts (Oakley and O'Connor 14-5). In fact, there have been many attempts to (re)integrate and synthesise political economy and cultural studies (Babe 5; Holt and Perren 8) to "be equally attentive to economic, technological and political forces, to ownership regulation and the marketplace" (Spicer et al 7). For instance, Meehan cites Graham Murdock, Philip Schlesinger, Carol Stabile, Janet Wasko, Todd Gitlin, Robin Anderson, Matthew McAllister, including Meehan's collaboration with Jackie Byars as those who have done such integration (158-59).

In Josh Heuman's essay, he maps out where the culture-economy dichotomy has moved and how it has developed through the years by reviewing five books related to this theoretical divide. His title asks whether the new "cultural economy" framework goes beyond the long-standing political economy and cultural studies debate ("Beyond" 107). These two paradigms are said to have an antagonistic relationship because of their "irreconcilable differences," which are strongly seen for example in the works of Nicholas Garnham and Lawrence Grossberg, respectively. Political economy is centred on class and the power (Wasko, "Critiquing Hollywood" 11) held by media producers in propagating "the dominant ideology of the ruling classes (Fenton 8-9) and looks at how capitalism works within the "industrial structures and political systems" of the media, whereas cultural studies is "engaged with questions of power and its relationship to culture and social relations and institutions" (Flew, "Creative" 66), how "ordinary people resist capitalism" (Meehan 158), and how they consume media that is "rooted in individual subjectivities, their identities and collective action" (Fenton 8). Political economy is usually criticised for neglecting "the cultural determinants of economic problems" (Ray and Sayer 15; also O'Regan 248), while cultural studies is said to put the

economic aspect and class relations only in the background (Peck 95). This tension between political economy's focus on production and cultural studies' attention to consumption (Fenton 9; Oakley and O'Connor 12-3; Pratt, "Spatialized" 118; Pratt, "State" 2) is also read as the dualism or separation of economy and culture (Peck 93; Flew "Moment" 4).

While taking on one side of this theoretical divide between political economy and cultural studies can give one's study a focus, some scholars consider such uptake to be one-sided (Babe 5; Balio, "American" 193; Flew, "Creative" 73, "Moment" 5) and a "simplistic retreat" (Fenton 8). This approach is rather limiting and does not provide a complete picture to understanding film/making, considering that film is both a cultural good and economic commodity (Higson 49; Kerrigan 57; Moran, "Terms" 1; Nowell-Smith 9). Hence, there is a need for a more holistic methodological framework that embraces the cultural and economic values of film in analysing the independent sector. Heuman notes that recent developments such as cultural studies' turn from consumption to production represent "transformation... and dissolution rather than resolution of its confrontation with political economy" ("Beyond" 107). It is this coupling of "political significance and critical purchase" that is needed in cultural economy research (Gibson and Kong 556). Hence, instead of seeing culture and economy as a dualism (Mulholland 35) and in response to the call of settling the culture and economy divide (Bennett, McFall and Pryke 1), Pratt considers them as "a duality" ("State" 2) where the two are connecting instead of colliding.

It is important to note though that some literatures refer to cultural and creative economy as one (Flew, "Binary" 3), and many people interchange the use of cultural and creative industries (O'Connor and Gibson 11; Towse 376). In their review of culture,

creativity and cultural economy, O'Connor and Gibson prefer the term cultural to creative economy (also Markusen et al 1), as the latter is an "inadequate descriptor," "reduces cultural value to economic value" (O'Connor and Gibson 6; Oakley and O'Connor 9; also Heuman, "Independence" 140), and treats culture as an economic sector (O'Connor, "UNESCO"); whereas cultural economy sees cultural and economic values not as "two distinct value systems" (O'Connor and Gibson 11), but as equally important. It also emphasises how cultural values should inform and organise the economic, while looking at both large and small sectors (O'Connor, "UNESCO"). In its 2013 creative economy report, the UNESCO affirms that such perspective of cultural economy is vital because it "encompasses the broader ways of life-understanding of culture by revealing how identities and life-worlds are intertwined with the production, distribution and consumption of goods and services" (24). Even though the report is under the banner of "creative economy," O'Connor affirms that it "sets out a new framework for culture, economy and sustainable development over the next decade" ("UNESCO").

As Lobato explains, it is necessary to synthesise various theoretical models if distribution research is to be taken seriously. He identifies four that apply to the study of distribution: economics and marketing, critical political economy, history/ archival research overlapping with political economy, and media anthropology. He cites Allen Scott's work on economic geography, *On Hollywood*, as an example of having been able to engage with all these scholarship traditions ("Theorizing" 114-115). This is also evident in his other work, *Hollywood and the World*. Kellner (103) and Perren ("Rethinking" 168) also reiterate this direction towards a more integrative approach to critical media industry studies. In Caldwell's view, the integrative approach is a positive

move where scholars can join in an “aggregating dialogue about industries that cuts across humanities and social sciences” (158). An example is Toby Miller’s uptake on the 1946 black-and-white classic *film noir* “Gilda” directed by Charles Vidor (39). Caldwell also believes the “need to augment the traditional tools used in textual analysis and archival research with ethnographic and cultural-economic frameworks” (163) to channel in a better understanding of the dynamic and complex interrelations of the media industry. He describes this integration as having an “industrial turn” in cinema and media studies moving away from a cultural perspective and a “‘cultural turn’ in economics and management theory... (leading to the hybrid field of cultural economy)” (“Para-Industry” 158; also Amin and Thrift xii, xiv, xviii; du Gay and Pryke 1-2; Oakley and O’Connor 15).

In his essay, “Locating the Cultural Economy,” Andy Pratt fleshes out its definition. First, he clarifies that “cultural” is not to be treated as an adjective pertaining to the “cultural dimensions of economic activity” (44) nor should it be “understood as the economy of culture” (49). Rather, “cultural economy” is taken as a compound noun referring to “a particular subsection of economic activity that is concerned with cultural products and activities (such as music, film and fine art)....” (44) or “the set of socio-economic relations that enable the cultural activity” (49). For example, distribution is an economic activity of the cultural activity of filmmaking, and film distribution has social and economic factors that drive the cultural activity of filmmaking or even film viewing. It is this interplay and interrelationship that cultural economy is interested in. Pratt specially notes that his definition is aimed at resisting the separation of culture and economy, and emphasises a “process-based analysis” that incorporates “the ‘breadth’ of culture (which activities should be included)” such as film and “the ‘depth’ of cultural

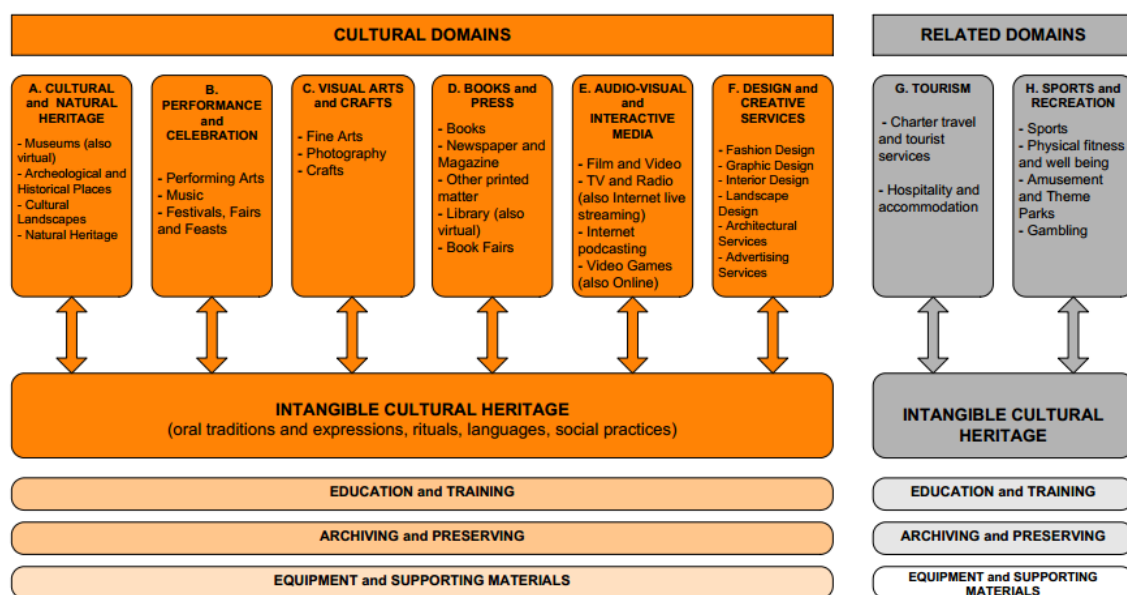
production (which activities are required to produce cultural outputs)” such as film production, distribution and consumption, thereby “creating a rich field of the cultural economy” (“Locating” 44; Flew, “Creative” 77). As such, cultural economy “treats economic processes and practices as cultural phenomena” (du Gay 4) that always carry meaning with them (5), and thereby retaining “the critical edge of social theory to understand contemporary industry transformations” (Govil 172). However, Pratt also explains that his picture of cultural economy is rather “fragmentary,” as there is still a need to have an “international agreement on concepts and definitions” of the term (“Locating” 45-46). Likewise, Amin and Thrift clarify that cultural economy has a fragmented history (xv), while McFall asserts, “‘cultural economy’ has no single doxa,” nor does it describe a clearly “defined and bounded field of intellectual enquiry....” Cultural economy is best used “not as a label or a description, but as a means of connection, a nexus through which distinct approaches to the analysis of economic and organisational life can be brought together to try out new ways of thinking about old problems alongside old ways of thinking about new problems” (233).

Given this state, Pratt enumerates ten indicative “key research themes” that characterise the organisational aspects of cultural economy that cut across different industries (“Locating” 46), three of which this research project covers: role of technology, market forms and regulations, and formal and informal economies. For Pratt, these characteristics interlock and “begin to describe the ‘force field’ within which the cultural economy operates” and highlights why “‘normal economics’” is not applicable in analysing film production or its industry (“Locating” 47). Therefore, in studying indie film distribution, it is important to look at how the money-making aspect of the filmmaking process affects and impacts the meaning-making component of

filmmaking and vice versa. Film distribution is not and cannot be just an either-or question or discussion (Amin and Thrift xii). It is both a cultural and economic question. As such, the cultural economy framework is a more suitable pathway to achieving my research objectives. It enables me to recognise the complex dynamics of the indie filmmaking process particularly its distribution, including everyone's involvement in the process, and thereby employing a more inclusive than exclusive approach and providing a more holistic perspective to the understanding of film(making).

The cultural economy framework is generally applied across diverse cultural and related domains (see Figure 3) and is central to policy discussions for cities since many

Figure 3. The cultural economy framework



Source: UNESCO's 2009 *Framework for Cultural Statistics* (24); also cited in UNESCO's *Creative Economy Report 2013* (25)

experts see cultural economy as an "urban strategy." However, this raises questions of exclusion of "under-resourced suburbs" (O'Connor and Gibson 7). I concur with this criticism and argue that since cultural economy has policy implications, discussion and planning could begin with the cities but should also extend to the regions because cultural policy applies to the state; hence, it is also a national strategy. For example, in

Carlo Nadi's paper, he discusses the cultural economy of sound, where he explains technology beyond political economy's reductionist materialism and puts emphasis on understanding it as a process in the production of Indian cinema (2). A more in-depth application of cultural economy is seen in Thomas Barker's dissertation on contemporary Indonesian cinema, where he goes beyond the established paradigms of studying Indonesian film like in the framework of national cinema (25). He treats film as pop culture in theorising the industry as a sociological formation (26) and situates the industry more broadly as contemporary or popular rather than focusing on or categorising it into sectors. His thesis argues that the "new generation" of Indonesian filmmakers are "in a process of negotiation with history" and stresses "historical continuity" as an important factor in showing "how the past is reconfigured in the present" state of Indonesia's film industry (5).

In the Philippines, the cultural economy framework has never been used to study film or its industry or even applied to the independent sector. This research project will be the first to look into the intersection of cultural and economic values of independent filmmaking. This thesis argues that we cannot take away the economic in understanding the cultural nor remove cultural from the economic, because these two aspects are central to film as embodied by its dualistic nature. As O'Connor and Gibson explain, "The economic value of a cultural product or service derives from its cultural value. Though one central imperative of a cultural business is to extract economic value from that product, it is rarely the only imperative—and sometimes not the main one" (11). Fleshing out these values and translating them into film language, the film's cultural value is its content or the symbolic meaning attached to it, while the film's production value refers to the film's quality usually associated with the film's aesthetic and technical

aspects (Cummins and Chambers 738). This is where it interfaces with the economic value because the production value is attached to the amount of money and effort (labour) invested in producing the film (Barwise and Ehrenberg 194), which the investors need to recoup and where the film's economic value is derived from. It is this economic variable that the question of sustainability is anchored on.

From the cultural economy perspective then, this thesis looks into the relationship of the mainstream and independent sectors by drawing on their similarities and differences. However, it is not just centred on the points of view of distributors so as not to fall into the trap of emphasising distribution as a purely business and industry strategy. Rather, perspectives of the indie producers and directors also form part the analysis in order to shed light on how they understand distribution and exhibition (especially since they also assume the distributor role at some point), the best practices they use, how they understand their audience, the role of festivals, the role of state and cultural policy, and how all these aspects are considered in the meaning-making process of film and contribute to the sustainability of their own indie group, as well as that of the industry.

As such, using a cultural economy framework for this thesis produces a new frame of knowledge for studying the indie film sector. First, it allows the project to veer away from the disjuncture of culture and economy by not using a singular approach to the study of indie filmmaking such as some of the literature cited earlier. Cultural economy takes the discussion away from being just centred on mainstream's hegemony and capitalism to including the independent sector, thereby framing a better picture of the whole film industry. Second, the "duality" of cultural economy addresses and compliments the dual characteristic of film as a cultural good and economic commodity,

thereby blending the cultural and economic values of film. Third, cultural economy provides a more balanced story by not assigning “culture” as the protagonist or hero and “economy” as the antagonist or villain (Flew, “Binary” 4, “Creative” 82). It does not tell the story of indie’s clash with the mainstream nor does it characterise indie as (always) an alternative (to the mainstream) or being othered (Deocampo, “Revolution” 1; Valerio, “Postkolonyal” 2, “Other” 1). Rather, it shifts indie’s story of resistance to that of resilience. The project attempts to tell the story of Philippine indie cinema as a small or growing sector and the role it plays in the nation’s cultural economy, and how the mainstream and indie sectors interact. Fourth, cultural economy covers the whole filmmaking process—from production to consumption. It does not privilege or exclude the one or the other but shows the interconnection of the process, and thereby providing us with a better and fuller understanding of film/making.

1.4. Framing Philippine independent film distribution

This research project picks up from Lobato’s work. It is similar in terms of using an industry perspective in analysing film distribution but while Lobato frames the big picture of distribution in the film industry transnationally, I situate my study to a specific geographical site and paint a vivid landscape of film distribution in the Philippines. Further, Lobato is focused on the informal film distribution system, while I cover the formal, semi-formal, and informal distribution avenues in addressing the sustainability issue of the growing Philippine independent film sector.

When one begins to discuss the economics of film industry such as probing into the costs of production and reproduction and returns on investment (ROI), these are usually

viewed at the level of profitability or maximising profit (Allen and Gomery 138; Flew, “Creative” 65). This is especially true to major film outfits with high business stakes that give rise to the commodification of film as art, commercialism, etc. However, this does not really apply to independent filmmaking since it involves lower production costs (Schatz, “Film Industry Studies” 49), which means lower business stakes or sometimes none at all. The economies of scale are at work here (Towse 455). However, in studying the marketing and distribution of Philippine independent films, I am not looking at how the indie sector will increase or make profit margins but how it will be able to sustain itself such that enough funds are generated to cover production costs and (enough) earnings to produce more films. Profitability is different from sustainability.

The structure and mode of production of the indie sector is different from that of the mainstream, and the business model that the latter uses may not be applicable to the former. Thus, the Philippine (or any country’s) independent film sector will have to be understood on its own terms and conditions. One needs to understand the intricacies or nuances of indie filmmaking to make a more meaningful and effective study. As Towse aptly puts it, in studying the economics of a specific industry, one is required to have “knowledge of the specific features of the sector it studies...” to ensure that “economic ideas have to be adapted where necessary to take into account issues that are distinctive to the cultural sector” (6). Hence, this thesis also includes the points of view of independent film directors acting as creative producers of their work and the producers and distributors as creative entrepreneurs working hand-in-hand with the creative team. Since I belong to the indie sector and have industry experience as a producer, I also take the standpoint of a practitioner as an insider looking in and out of the industry. As such, I agree with Caldwell when he emphasises that the value of an

industry research cannot be left “solely to economists, political economists, and media social scientists” (“Para-Industry 158).

In making these analyses, I utilise two of the three approaches to studying film distribution that Perren suggests, which are more general yet inclusive and follow Lobato’s integrative proposition. First is the comparative approach, which examines distribution within the film industry level and draws comparisons on the business strategies across various institutions. Second is the cultural approach, which takes the discussion away from the big players to the “contributions made by smaller-scale entities and less well-funded operations” (“Rethinking” 169) such as the independent sector.

As I have discussed and argued, an industry approach to film studies accommodates a more holistic uptake in addressing the research objectives and answering the research questions, and provides a stronger focus on the nature and process of filmmaking in relation to how these systems and practices work towards a better understanding of how films are produced and circulated. This then correlates to how films produce meaning in re/defining the Philippine indiescape or the film industry in general, thereby turning the study of media industries or indie filmmaking into “a definable entity so that we might stop defining ourselves by what we are not” (Havens et al 237).

Framing the research project from a certain perspective is rather tricky and challenging because there is not just one method that can best answer such complex problems or issues. Choosing an approach will then have to take into account the researcher’s level of comfort and confidence, which is drawn from his background and experience. Coming from both the academe and industry also poses a dual challenge.

First, distributors are hesitant to discuss their business operations with academics (Lobato, "Theorizing" 114). Second, there is no available or sufficient data (Eliashberg et al 168; Miller, Schiwy and Salván 197), especially since smaller scale operations like indie film outfits do not have a formal recordkeeping and documentation system (Knight and Thomas 28; J. Miller 118). Hence, disclosure of industry data is usually "scripted and rehearsed" (Caldwell, "Para-Industry" 162) and "insider knowledge is always managed" because "researcher-practitioner contacts are always marked by symbiotic tensions over authenticity and advantage" (Caldwell, "Production Cutlure" 2). Nevertheless, it is specifically these challenges that have led me to pursue a more critical approach from the humanities perspective, as it provides a wider room for exploration and analysis that is not limited to the figures of an institution's financial records.

As stated earlier, Philippine independent film distribution has never been studied in-depth, and availability of scholarly literature and organised data is very limited. Lorenzen also notes this general poor availability of statistical data in the film industry (95, 114). For example, some news and scholarly articles report statistics on the annual number of films produced in the Philippines but they are inconsistent and sometimes do not indicate sources. These serve as secondary data that need to be verified. Other secondary data that are used as part of the analysis include cultural / film policy documents or those related to the cultural/ creative industries initiatives, and pending house bills among others.

While this thesis employs critical analysis and case study in its process of investigation, the best approach to gather primary data will come in the form of semi-structured in-depth interviews. In the 1970s though, interview as a method was not really regarded as a "scholarly activity" (MacDonald, "Ethics" 124) since there was a

notion that conducting interviews is “a simple matter of recording conversations” then having this transcribed (125) and pass as data. Over time however, film and television studies has seen the rise of using interview as a qualitative research method (Cornea 117) but is usually confined to examining audiences (Mills 151), while interviews done in audience studies tend to be more quantitative in its approach (Cornea 118). Mills particularly notes that television studies has some research on audiences but “has rarely explored practitioners,” as opposed to film studies that has legitimised itself in interviewing film directors (151). It is this engagement with practitioners that Mills wants to see developed more in film and television studies (152) such as interviewing producers and other practitioners who are involved in the production process (Cornea 119; Mayer 142-3) to veer away from an “auteurist approach” (Mills 151).

By engaging with these practitioners, a researcher is “representing the unrepresented” (Cornea 119), and by positioning the practitioners as “educators” in communicating their stories as “educational” (Mayer 145), this research project serves as a source document in accounting for the indie sector’s (best) distribution practices, its marketing or distribution plan and even business models used. However, Mills underscores that the real intention of conducting practitioner interviews must be “to find out what industry members do, rather than force them to reassess those practices” (149) and not to “unearth evidence for arguments that you wanted to prove” (151). Hence, as a practicing producer myself, it is also important to draw from my experiences in approaching the field—as there is always that notion of a divide between theory and praxis or academe and industry (Caldwell, “Both Sides” 215; Cornea 121)—in order to “create a constructive bridge” between the two camps (120). This research then produces new knowledge that becomes beneficial to both the academe and the industry

by allowing indie filmmakers to reflect on and share their best practices with everyone, especially since indie production groups are typically formed as an informal entity with no formal recordkeeping system.

Key persons like producers, directors, distributors, studio executives, festival organisers, and representatives from industry associations and government agencies are interviewed and asked about the production process they go through, how they approach the business aspects of (independent) filmmaking, and how important this is for them among others. From these interviews, case study profiles are produced, which form part the analysis and understanding of the Philippine (independent) film industry. The interviewees are selected based on two factors:

- a. Industry experience – These people are both “old” and “new” to the film industry and come from an exclusively mainstream or indie perspective or have crossed over either way from both sectors. These also include scholars who may or may not have industry practice and have seen how the industry has grown through the years.
- b. Film’s exposure – This pertains to the key people involved in film/s that have made “noise” or have had a significant presence or impact in the industry. Another way of putting it is that these films have had a theatrical release and/or have ongoing negotiations, and/or have been coursed through other distribution platforms.

The focus of the interview covers both the artistic and economic aspects of filmmaking and how these factors interact in being a subset of the other or in influencing each other. Framing the interview this way highlights the thesis’ main argument that we cannot separate content and business in the same manner that we cannot separate the

cultural and economic values towards understanding film/making. On the other hand, using case studies to track the production, distribution, and reception of selected films allows me to investigate the various filmmaking practices located in different spaces within the field of cultural production and go beyond the mainstream-indie and art-commerce dichotomies.

In studying distribution, Lobato initially notes that the challenge to analysing distribution structures is the lack of having “an established methodology,” as it is “the least theorised end of the film industry” (“Mapping” 25). However, through the years of research development, several scholars have been turning their attention to film distribution studies (Crisp 16) and have utilised field interviews in building case study profiles in understanding the dynamics of film distribution mechanism or how everything works. These are evident in the works of Lobato who initially used this method for his dissertation and other researches, and in the more recent works of Crisp, Knight, Knight and Thomas, as well as in edited volumes by Maltby, Biltereyst and Meers, and Crisp and Gonring, where distribution strategies are analysed through various case studies.

This thesis takes on the same approach by using interview data from key industry personnel who have worked from before the rise of the malls up to the present domination of cinema multiplexes. These interviews are very critical since they serve as a form of oral history, especially during the pre-mall era where data on distribution practices in the Philippines are not (made) available and accessible since film distribution has always been considered as a “confidential” activity. Hence, filmmakers are always kept in the dark in terms of how film distribution and exhibition work, and they just give the reins to the distributors and exhibitors. In effect, this propagates the divide between

the creative (production) and the business (distribution and exhibition) aspects of filmmaking, and thereby strengthening the latter's power to control the industry and perpetuating the rule of the few who know how to run the business. The interviews then help bridge the gap by shedding light on how film distribution and exhibition works and then analysing its complex system. In doing so, this thesis allows for a more critical engagement and an all-inclusive approach to the study of film distribution and exhibition from the humanities perspective.

Chapter 2

The Making of the *Pinoy* Indie

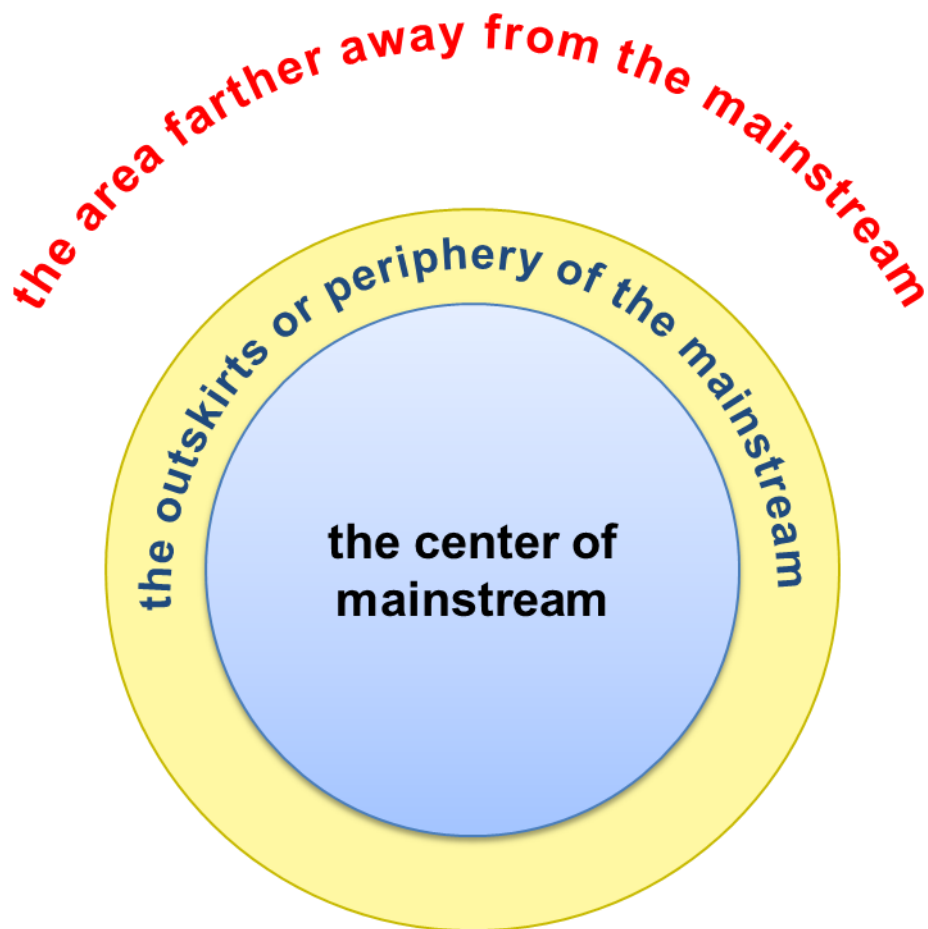
Ambiguity and confusion always beset the word “independent” when it is used to describe a particular cultural industry—be it music, television, magazine, game, or in this case, cinema. To better understand the landscape and present state of independent cinema in the Philippines, this chapter begins with a survey of how independent cinema has been generally defined and the “real” freedom that constitutes independent cinema. It then continues to identify the different factors that have shaped the *Pinoy* indie throughout the history of Philippine cinema and traces how the term “independent” has been used and evolved over time. This chapter also establishes the contextual background of the whole thesis.

2.1. The “independent” question

Almost every, if not all, literature tackling the subject of independent cinema begins its discussion by defining or clarifying what “independent” means. This is primarily because the term carries a certain sense of instability (Lipkin 9) and becomes a slippery identification (Hillier ix; King, “American Independent Cinema” 9; Mann 4; Merritt xii) when it is applied to film. The problem lies in the wide usage of the phrase “independent cinema” without having a clear-cut and universally accepted definition. Hence, it is always in question. To expound on this concept, it is important to situate “independent” in the space of filmmaking to which it belongs.

In the Philippines, filmmaker and emeritus professor Clodualdo del Mundo, Jr. identifies the three general areas of filmmaking: “(a) the center of mainstream, (b) the outskirts or periphery of the mainstream, and (c) the area farther away from the mainstream” (“Long Live” 168; also qtd. in Hernandez, “Digital” 222; Lent, “Southeast” 16). I illustrate his model in Figure 4. The commercial film industry is positioned at the centre of mainstream and treats film as a commodity with the goal of earning profit (Lumbera, “Brief History” 5). The outskirts of mainstream locate filmmakers who have the desire to make great films other than simply making money, while at the farther space from mainstream are independent filmmakers whose works are regarded as art (del Mundo, “Long Live” 169). Another Filipino film scholar Nicanor Tiongson follows the

*Figure 4. del Mundo’s three Areas of Filmmaking**



*author’s visual representation

same positioning as del Mundo's and describes the types of filmmakers and producers to be working from the "outside, inside, and the periphery of the mainstream" ("Rise" 2). A similar model is the three-tier system in the American film industry based on the 1997 article of journalist Edward Helmore. Tier 1 belongs to the majors, followed by studio-based indies, and the true independents (Perren, "Indie, Inc." 154; Scott, "On Hollywood" 46; Wasko, "Hollywood Works" 60). All these models present an ongoing power struggle among industry players and demonstrate a hierarchical structure that positions the mainstream in power. These are but fitting assumptions given that in any industry, there will always be major and minor players.

2.1.1. Notions of independence

The term "independent" is not commonly used during the early years of Philippine cinema. Deocampo's account on the history of Philippine independent cinema is the most comprehensive to date. His essay is entitled "Alternative Cinema" where "independent cinema" is a referent or equivalent in definition (58). The Cultural Center of the Philippines (CCP) also used the word "alternative" when it launched the *Gawad CCP para sa Alternatibong Pelikula at Video* (The CCP Alternative Film and Video Competition) in 1987 (Lumbera, "Introduction" 1; Pareja and Dormiendo, "Awards" 102). This "alternative" notion of independence in cinema raises the question, "alternative to what?" in the same manner that "independent" asks the question, "independent of what?" (Lent, "Southeast" 13; Morris 7; Polish, Polish and Sheldon 7; Staiger, "Sorting out" 15). They are considered "relational" terms (Drake, "Reputational" 141; Holmlund, "Margins" 3; Kleinhans 308; Newman, "Indie" 3; Tzioumakis, "Academic 2" 315, 325), as they are always defined "'in relation' to" something (Tzioumakis, "Academic 2" 336). Hence, there is the "mainstream-vs.-alternative dichotomy" (David,

“Wages” 110). Both terms do not hold an identity outside a reference point at each end of the binary. An independent film is an alternative to the mainstream film circuit (Rapatan 46), which dominates and controls the industry. In the US where mainstream goes by the name Hollywood, independent is its antithesis (Hillier xi; Newman, “Pursuit” 22; Pribram xiii; Tzioumakis, “Academic 1” 121). Also, the idea of being an alternative media form or mode of filmmaking (Campos, “Politics” 84-8; Dickinson 24; Hesmondhalgh and Meier 98; Lumbera “1961-1992” 49; Tzioumakis, “Academic 1” 106-108, “Academic 2” 331) suggests that it employs an alternative structural system for its production and distribution structures (Deocampo, “Short Film” 2; Lipkin 14). It refers to alternative film practices (James 50; Velasco 17) that may include avant-garde films (Balio, “New Millennium” 114; Braester 551; Deocampo, “Short Film” 17; Hayward 200-1; King, “American Independent Cinema” 2), animation, short films, videos (Deocampo, “Alternative” 58), documentaries (Ortner, “Against” 3), sexploitation cinemas (Mann 4), experimental films (Deocampo, “Revolution” 5; Tzioumakis, “Academic 1” 121), or any work that is characterised as hip, edgy, and uncompromising (Newman, “Pursuit” 16).

The second notion of independence takes on the perspective of its prefix “in” to describe something that it is not (Staiger, “Sorting out” 16)—in this case, not to be dependent but to be self-sufficient or self-sustaining. As Newman asserts, “Its identity begins with a negative” (“Indie” 2). It is always in an “antagonistic relationship” (Pavsek 83), in conflict the major players in the industry (David, “Wages” 103, 107; Deocampo, “Into” 20, “Revolution” 1; Dickinson 48; Newman, “Pursuit” 19, 22; R. Murray 5; Tzioumakis, “Academic 1” 122), and in opposition to the dominant culture (Hillier ix; Zimmerman 250) or cinematic practices (Pribram xiii). It also exhibits “the quality of being outside and different” (Dickinson 2; also qtd. in Knight and Thomas 29).

Specifically, it is an entity that functions outside a prevailing or an established industrial-economic system (Cook 272; Mann 4; Tzioumakis, “An Introduction” 23) such as being detached from a major studio (Berra 11; Diokno) or operating outside the traditional mainstream structure (Levy 3; Lipkin 10; Morris 7; Rapatan 46). The terms “counter-cinema” (Hayward 200-1; Ortner, “Not” 10; Deocampo, “Revolution” 1), “counter-hegemonic” (Newman, “Indie” 2; Ortner, “Not” 9), and “countercultural” (Hesmondhalgh and Meier 97) are also used to refer to independent cinema.

Third, independence is characterised based on the economics and scale of film production. An independently produced film is described to have a low production budget (Hayward 200-1; King, “American Independent Cinema” 2; Levy 3) and a small-production team (Cook 271-2; Newman, “Pursuit” 16; Staiger, “Sorting out” 16; Tzioumakis, “Academic 1” 110). It self-finances its operations (Balio, “New Millennium” 114) and does not receive any financial backing from a “major entertainment conglomerate” (Tzioumakis, “An Introduction” 2). It is not commercial in nature to the point of being “anticommercial” (“Academic 1” 121) and makes no compromises (de la Cruz 67; Lumbera, “1961-1992” 49).

The contrastive distinctions between mainstream and independent filmmaking described above are the negative stance of independence (Ortner, “Against” 5). Newman finds this to be an “inadequate definition and understanding” (“Indie” 2) and explains its positive valence in terms of being free, autonomous, authentic (3), and pure (“Pursuit” 19). It is characterised by creative or artistic autonomy (Berra 15; Cook 274; Heuman, “Independence” 123) with the absence of commercial control from the studios (King, “American Independent Cinema” 9; Merritt xii). It is focused on the “spirit” of the film/maker (Levy 3) and driven by the creative freedom of the film/maker’s vision (Balio,

“New Millennium” 114; Tiongson, “Rise” 2; Vachon and Bunn 16). It also refers to the filmmaker’s personal statement or self-expression as artist (Cook 271-4; Deocampo, “Short Film” 17; Levy 1, 20-1, 53; Neale 42; Ortner, “Not” 62; Spaner 92). At other times, an independent film is regarded as a specialty or specialised film (Deocampo, “Alternative” 60; Lumbera, “1961-1992” 40; Tzioumakis, “Hollywood’s Indies” 12-15) or art cinema that caters to the arthouse audience (Neale 41; also King, “American Independent Cinema” 2; Staiger, “Sorting out” 22).

There are also instances when the term “independent” assumes a different name but is still characterised by similar notions described above such as the French New Wave or “nouvelle vague” of the 1950s. It is a “low-budget film-making practice” (Buckland 59), which pertains to a certain aesthetic style that views film as art (Torre, “Classics” 55) and “rejects classical Hollywood cinema’s dominance” (Buckland 54). This concept has also reached the US and spurred a “new wave” of young filmmakers (Dyer, “Vengeance” 18), where “wave” refers to the different periods of American independent cinema (Staiger, “Sorting out” 18). The Philippines has also seen a “new wave” of filmmakers in the 1970s (del Mundo, “Pagsusuri,” Francia 349), which also means the newbies of the industry (Deocampo, “Alternative” 63; Sotto, “Brief” 49).

While this section attempts to flesh out the various meanings or interpretations of independence in cinema, it is equally important to understand how mainstream is defined. Mainstream is typically described as the dominant player in the market and exists solely for commercial purposes. However, Filipino producer and screenwriter Tammy Dinopol finds the definition inaccurate and questions the requisites to what qualifies as mainstream. She explains that the common perception of mainstream comes from the context of consumption rather than production. “It refers to how a

product is accepted in the market and not how it was produced” (“Mainstream”). To illustrate her point, she uses the gross ticket sales of the 2011 Metro Manila Film Festival: PhP600 million divided by the average ticket price of PhP150 yields a quotient of four million tickets sold across the country during the ten-day commercial festival. Given that the estimated population of the Philippines is 95 million, the number of tickets sold represents only 23.75%, which Dinopol thinks is insufficient to be considered mainstream. She also clarifies that while some independent filmmakers aspire to go mainstream, it does not mean that all of them want to work with the big studios. For most independent filmmakers, going mainstream simply means reaching a wider audience (“Mainstream”). This is where the problem of contrasting independent with mainstream cinema lies. Both terms are not defined from the same perspective. “Independent” is usually defined from the production context based on cinematic forms, theme or content, cultural value, and the production budget among others. On the other hand, mainstream is understood through its mode of consumption. It talks about box office sales, audience reach and accessibility, market share, etc. These contexts need to be established clearly, such that defining these terms can be made on the same grounding.

Moreover, it is important to note that almost all the references cited above fail to include regional and indigenous cinemas, which are also considered as part of the independent sector. In its broadest sense, regional cinema is a location-based identification, which may mean a film that is shot in a particular region of the Philippines where the filmmaker could also be a native of. In 2008 for example, the National Commission for Culture and the Arts (NCCA) launched the Cinema Rehiyon festival (Groyon 177) to showcase films made outside the metropolitan centre of Manila and

prioritise “equal regional representation” over “technical or aesthetic quality” in its selection (178). It aims to empower these regional works while challenging the Manila-centric view in both mainstream and independent sectors (“About the Festival” 11). Likewise, indigenous cinema in the Philippines is undeveloped and almost non-existent. It may refer to a film featuring a particular ethnic group or the filmmaker is indigenous or both. For instance, Kanakan Balintagos—meaning hunter of truth—changed his name from Auraeus Solito to embrace his indigenous heritage as an independent filmmaker (San Diego, “Kanakan”). However, the definitions set forth may be limiting and problematic, as these filmmakers may not necessarily be based in their hometown or make films about their culture. The same predicament holds true for trying to define independent cinema (Tzioumakis, “An Introduction” 6-10; “Hollywood’s Indies” 1).

2.1.2. Independent vs. Indie

Some scholars also note the difference between the words “independent” and “indie,” where the shortened form was initially used in the UK to refer to a musical genre that has a “nostalgic, pop-based aesthetic.” Over time, “indie” was also applied to describe comics, literature, cinema, and the “indie culture” in general. Meanwhile in the US, the counterpart of indie music is “alternative rock” and “alternative pop” (Hesmondhalgh and Meier 98), and indie cinema refers to the nonmainstream American film culture in the 1990s (Newman, “Indie” 4). While they have their own nuances, “independent” and “indie” are now more often used interchangeably. Newman observes that “indie” adds a fashionably cool connotation and a “distinguishing style or sensibility” and “social identity” (“Indie” 4; also King, “Indie 2.0” 3), while Staiger points out the “filmmakers’ *conception of quality*” as “indie” (“Sorting out” 22, emphasis in original). On the other hand, Tzioumakis uses “indie” to “demark a particular phase” in

American film history (King, “Introduction” 12) when “‘independent’ ceased to signify economic independence from the majors” in terms of production and “indie” began to signify “films with an ‘independent spirit’” (Tzioumakis, “Periodisation” 34; also Tiongson, “Rise” 2). These distinctions have become apparent to denote that a film might be considered “indie without actually being independent by whatever strict definition one adopts, or alternately might be independent by that definition without seeming indie” (Newman, “Indie” 4).

In the Philippines, the terms “independent” and “indie” carry no certain nuances and are used loosely and interchangeably (Tiongson, “Rise” 2). Their usage gained prominence (again) in the last decade when CCP established the Cinemalaya Philippine Independent Film Festival. Since then, Philippine independent cinema has become almost synonymous to Cinemalaya. According to Film Academy of the Philippines director general Leo Martinez, this is but another (negative) notion of independence: the films are too good that they are *only* meant for festival exhibition and for reaping awards. The “indie” label is also played on against the Filipino word “hindi,” meaning “not”—such that an “indie” film means “*hindi* kumikita” (not profitable) and “*hindi* maintindihan” (not easily understood [by the general movie-going public]) (Martinez).

In line with Newman’s positive notion of independence, Tiongson proposes a working definition of “independent” by breaking down “what it is not” and coming up with “what it is” (“Rise” 2-5). He enumerates seven negative characteristics of “independent,” most of which have been discussed earlier, and then consolidates his analysis based on his interviews with 14 directors and the discussions at the Cinemalaya Congress. For him, an indie film is mostly in narrative form and “expresses a filmmaker’s vision or insight into the human condition, and that is characterised by integrity,

originality, and artistry” (“Rise” 2-5). However, his definition raises more questions for debate because first, mainstream movies are also in narrative form. Second, the working definition suggests that mainstream movies do not express a filmmaker’s vision when they still do, although possibly not in its entirety because of the producers’ control. Third, integrity, originality, and artistry have to be qualified because these are relative concepts, and mainstream films may also possess all these characteristics. For example, former screenwriter of the big studio Star Cinema Moira Lang (a.k.a. Raymond Lee) says that while the creative team is bound by some limitations set by the studio, writers also like working with whatever is given because they treat it as a creative challenge.

Patrick Campos has a similar but lengthier analysis and discussion of trying to define Philippine independent cinema based on the Cinemalaya Congress held between 2005 and 2010 (76-110). He explains how “indie” has become a conflated term and challenges the inaccuracies in Rolando Tolentino’s claim that the future of Philippine independent cinema looks dark. Campos asserts that right from the start, the Cinemalaya Festival has always “aimed to become an established and not an independent (in the sense of “maverick”) institution” (100). Therefore, from how Cinemalaya has fashioned it, independence or being independent (in cinema) is but a starting point to a possibly bigger agenda of (re)starting a new era of Philippine cinema.

With all these attempts at trying to understand the concept of indie, notable writer and film enthusiast Jessica Zafra offers a more practical and realistic definition in the context of contemporary Philippine cinema—that is from the time when Cinemalaya was established and when indie has become a buzzword. For her, “‘independent’ or ‘indie’ simply means that a movie was produced outside the traditional studio system, generally by small players who do not have access to the big budgets, famous stars and

publicity machinery of the major producers” (69). However, some of these characteristics are challenged and explored further in the next chapter.

2.2. Mapping the Landscape of Philippine Independent Cinema

Over the years of debates and constant attempt to flesh out the meaning of independence in cinema among scholars and industry practitioners, no one has come up with a concrete or complete definition primarily because of its diverse characteristics (Levy 495; Tzioumakis, “Academic 2” 317, 335) and ever-growing complex nature (Tzioumakis, “Academic 2” 318, 323). It is impossible to put a definitive or prescriptive definition (Tzioumakis, “Academic 1” 108, “Academic 2” 317, “An Introduction” 10). It is only possible to raise more questions and create more notions of independence. Likewise, the act of defining “independent cinema” boxes it into specific criteria of what constitutes independence and causes the term to lose its essence of independence. After all, the real meaning of independence is only attained by setting it free—free from any set definition, rules, and criteria. This is why Tzioumakis approaches his study of American independent cinema as a discursive field (“Academic 1” 108; “An Introduction” 11) by categorising it into five distinct phases across its history.

In a two-part comprehensive research article, Tzioumakis examines various scholarly works from the 1940s to date in mapping out how academic discourse has shaped the study of American independent cinema (“Academic 1” 108). His approach of periodisation (“Academic 1;” “Academic 2;” “Periodisation” 28, 30) is an appropriate and effective way of understanding independent cinema as an academic field and in the context of a specific nation, since the meaning of “independent” changes at different

periods of film history (Balio, “New Millennium” 114; Holmlund, “Critical Formations” 25; King, “American Independent Cinema” 8; Newman, “Indie” 3; Tzioumakis, “An Introduction” 11; “Academic 2” 325). Hence, when a film/maker is labelled “independent,” it is always important to note how the label functions “within the contexts of its use” (Newman, “Indie” 14). This chapter follows Tzioumakis’ approach of periodisation in studying Philippine independent cinema instead of taking on a set of meanings or criteria for what constitutes an independent or indie film. It also does not aim to document the full history but presents an overview of its timeline and milestones in its history. Specifically, this chapter focuses on the developments that have led to the re-emergence of the contemporary Philippine independent film sector.

The history of Philippine cinema in general is written using a variety of approaches. Most are presented in chronological narrative forms clustered into different historical periods but they vary from one writer to another. These include Deocampo’s two books that narrate Philippine film history in relation to the country’s colonisers by recounting the Spanish and American influences on Philippine cinema. A popular quip referring to this periodisation describes Philippine colonial history as having spent “three hundred years in a Spanish convent and fifty years in Hollywood” (Lacaba xiii; Yeatter 5). Another is Sotto’s documentation that breaks the history of Philippine cinema into 11 periods that cover its early years in 1897 up to the post-EDSA revolution in 1991 (“Short”). In an updated publication, Sotto retains the 11-period division and extends the coverage of the 11th period up to the new millennium in 2000 (“Brief”). On the other hand, Yeatter divides his version of Philippine film history into nine periods (v), while Lumbera simply groups it into four periods, as he presents the “problems in Philippine film history” (“Problems” 35). Meanwhile, del Mundo divides it into four periods but his approach is

classifying the filmmakers by generation from the time they started or made waves in the film industry (“Liver & Alive;” “Philippines;” “Post-Brocka”). He asserts, “The history of Philippine cinema is a history of generations of Filipino filmmakers contending with the commercial system and the pervasive foreign forces, particularly Hollywood cinema, that exert their influence on the formation of a national cinema” (“Philippines” 90). The first generation belongs to the 1920s to early 1940s, followed by mid-1940s to 1960s, then 1970s to 1990s, and the fourth generation from 1990s to the present or until a new generation is identified (89-130).

While having many approaches to periodising Philippine cinema offers an array of perspectives to its history, it also poses a challenge to having an agreeable singular historical narrative. Some of the written accounts are inconsistent and their varied timelines conflict with one another. For example, Sotto reports that Philippine cinema has reached its industry status as early as the fourth period between 1926 and 1932 (“Brief” 37), while Lumbera only declares it in the 1950s (“1961-1992” 40). Also, in Sotto’s two essays, the years 1961 to 1969 belong to the eighth period (“Short” 47) in his first article, while he classifies the years 1963 to 1971 under the ninth period in his second article and marks this as “the rise of the independents” (“Brief” 47). Despite the disagreements in their proclamation, it is clear that there has been a significant output of film production in terms of quantity and quality. Hence, this period is also regarded as the first golden age of Philippine cinema (Balbuena; Bunoan; Carreon, “Philippine 1;” del Mundo, “Riding” 4; Francia 348). However, in the account of film critic Nestor Torre, he already considers the 50s as the second golden age (“Classics” 51). This adds confusion to the periodisation of Philippine cinema, as he is the only one to note the decades of 1930s and 1940s to be the first golden age (50).

Factors of *Pinoy* Indie Development

2.2.1. Organisational

Following Deocampo's account, independent cinema in the Philippines started the moment the first movies were shot in the country. He considered these films independent because they were in the forms of short films, newsreels, military- or war-related films for training, and documentaries produced during the 1920s to 1950s ("Alternative" 58-9). However, this pertains to just one of the many notions of independent cinema. It was not until the 1950s when the first independent film movement (officially) happened. In 1956, the Film Society of the Philippines was established and other cinematic forms occupied some space in the filmmaking arena. Documentaries were given more attention, and several short films were produced and recognised in international festivals ("Alternative" 58-9). Other organisations like Caltex, the Rotary Club, and the National Media Production Center also commissioned (independent) filmmakers to do some creative work for them (61).

Since independent cinema possesses a relational identity, the so-called "rise of the indies" is correlated to the rise and fall of the big studio system. Sotto records the studios' ascent and domination from 1933 to 1941 under the sixth period ("1897-1960" 33, "Brief" 40), which is also marked by the rise of the star system (David, "Pastime" 126; Sotto, "Brief" 39). It was only when film was relegated as a form of entertainment that "assured its survival and eventual ascendance" (Deocampo, "Short Film" 10). During this time, filmmaking has become a business endeavour (Lumbera, "1961-1992" 40, "Brief History" 10-11, 14, "Problems" 39) ruled by the big four studios, namely, Sampaguita, LVN, Premiere, and Lebran (Carreon, "Philippine 1;" del Mundo, "Industry is

Alive” 4; Lent, “Asian” 155; Lumbera, “1961-1992” 40, “Brief History” 10, “Philippine Film” 23, “Problems” 36; Torre, “Classics” 51).

It was only when the big four studios closed down towards the late sixties that the independents came marching in again (Lent, “Southeast” 15; Lumbera, “1961-1992” 40, “Problems” 39; Sotto, “1897-1960” 39, “Brief” 47, “Short” 47). They are “independents” operating outside the big four studio’s framework but still working within the commercial system (del Mundo, “Liver & Alive” 376, “Pelikulang Pilipino;” Lumbera, “Brief History” 11; Tiongson, “Rise” 2). It is estimated that in a span of two decades, around a thousand independent film outfits and producers have produced one film each (Sotto, “Brief” 47), with the objective of earning profit (Francia 348; Lumbera, “Philippine Film” 11; Torre, “Classics” 54), and thereby creating a different notion of the descriptor “independent.”

The independent scene flourished again in the 1980s when different educational and training institutions were established and introduced film courses (Pareja and David 136-7). It was when the Mowelfund Film Institute took the lead in discovering and developing new filmmakers that ushered in the “golden age” of Philippine independent cinema (Deocampo, “Alternative” 66, emphasis in original, “Into” 24). Deocampo declares that these developments welcomed the second independent film movement, and the indies became an eighties phenomenon (Sotto, “Brief” 53; MacDonald, “Interviews” 165). The role of academe is emphasised as one of the contributing factors in the growth of the independent sector (Sotto, “Brief” 49, 53). Deocampo has been at the forefront of that development and found universities as alternative venues in “preaching the Gospel of the True Cinema” (Deocampo, “Revolution” 5; MacDonald, “Interviews” 165-6). The rise of (new) alternative filmmakers tend to come from those

who attended film schools and training institutions that exposed them to view film as art (Lumbera, “1961-1992” 48-9; E. Reyes 86; Sotto, “Short” 49). Philippine independent cinema then is also rooted in the academic space in the same way that the proliferation of film schools in the US has paved the way to discover a new generation of filmmakers (Levy 21, 34).

2.2.2. Political

Philippine independent cinema is also indirectly born out of socio-political resistance (Lumbera, “Mapagpalayang” 95), where film was used as an agent of change and reform (Dickinson 131-2). Martial law has played a crucial role in the transformation of the film industry when it was declared in 1972 (Francia 348; Lumbera, “Philippine Film” 24, “Problems” 39; Sotto, “Brief” 48). It marked a decline in the quality of filmmaking “with a type of populist cinema” catering to the needs of lower classes (Armes 152). Filmmakers were finding their own space and fighting repression in a state-controlled society (Deocampo “Revolution” 4-5; MacDonald, “Interviews” 165-6). The meaning of “independent” cinema here is related to the ideological stance of independence that is freedom of expression. Independent cinema has become like a revolution or an underground movement (Deocampo, “Short Film” 17; MacDonald, “Interviews” 166; Newman, “Pursuit” 19; Tiongson, “Rise” 2) with films showcasing “subversive aesthetics” (Garcia 53). Censorship was a big issue that time (Francia 349-54; Hernando, “Ishmael” 278; MacDonald, “Interviews” 167; Tiongson “1980s” xx-xxiii), and many artists were fighting against it (Lumbera, “1961-1992” 47). What seemed to be an impenetrable industry for wannabes then (Javier-Alfonso 37) welcomed a new generation of directors, screenwriters and other production crewmembers (Sotto,

“Short” 49; Torre, “Classics” 55) who were tired of the usual fanfare produced by the mainstream sector.

A new cinema flourished with several outstanding works coming from Lino Brocka and Ishmael Bernal among others (del Mundo, “Riding” 4; Deocampo, “Short Film” 19; Francia 349; Lumbera, “Philippine Film” 24; Sotto, “1897-1960” 39, “Brief” 49-52; Tiongson, “1980s” xxix-xxxi). It was dubbed as the second (or third for Torre [“Classics” 55]) golden age of Philippine cinema (Balbuena; Bunoan; Carreon, “Philippine 1;” Garcia 53). The 1970s also marked the “rise of the Filipino avant-garde” (Deocampo, “Alternative” 61, “Short Film” 17). This is what David refers to as the “rise of the independents” that occurred between the first and second golden ages of Philippine cinema (Pastime 2). While many filmmakers had moved to commercial filmmaking, there were still a committed few doing personal films for a select audience (Deocampo, “Alternative” 61; Lumbera, “Philippine Film” 26; Tiongson, “1980s” xxxi). For instance, *Mababangong Bangungot* (Perfumed Nightmare), the first work of Kidlat Tahimik (Quiet Lightning), nom de cinema of Eric de Guia (de la Cruz 12), is considered as the “crowning glory of Philippine independent cinema” when it premiered and won the Prix de la Critique at the Berlin International Film Festival on 25 June 1977 (Deocampo, “Alternative” 62).

A new government took over at the end of Martial Law. The Aquino administration assumed power when the Philippines regained its democracy after the 1986 EDSA Revolution. However, policies became even more regressive under the new leadership (Francia 360). The film industry was not given enough attention and importance, which appeared to have become an “outright neglect of the industry” (Tiongson, “1980s” xxxiii). As Sotto claims, “Culture is a low priority. ...Quality filmmaking is almost nil. The

only signs of life are in independent cinema” (“Short” 49). Indie filmmakers have seemed to carry the responsibility of “advancing Philippine cinema creatively,” while mainstream directors continued to produce formulaic studio films (Lumbera, “Brief History” 14). The decade was “marked by a dismal lack of exciting films” (Sotto, “Brief” 53) and was “in its worst artistic slump ever.” (Francia 362). Del Mundo actually refers to this period in the nineties as a “history of footnotes” that no film/maker is significant enough to have an entry in his essay (“Post-Brocka” 39).

2.2.3. Economic

In 1997, the Asian economic crisis greatly affected the local film industry (B. Lim 280-2) and showed a declining pattern in movie production both in quantity and quality (Carreon, “Philippine 2;” del Mundo, “Liver & Alive” 367-8; Tiongson, “Best” 4, “Rise” 6; Tioseco, “Shifting” 301; Yu 10). Production costs also increased and reached between PhP10 million (Tiongson, “Best” 16) and PhP12 million (Garcia 53-4). It was a huge amount of money then that Regal Films and its matriarch “Mother” Lily Monteverde thought of an “innovative” solution of producing films on a shoestring budget. This was dubbed as “pito-pito” (also spelled pitu-pito) films (del Mundo, “Philippines” 123, 126; Hernandez, “Digital” 19; R. Monteverde; Quito 13; Tiongson, “Best” 16). It literally means “seven-seven,” named after a local medicinal tea comprised of seven different herbs. In 1998, Mother Lily set up its “ultra-low budget, quickie” division—Good Harvest—to specifically produce *pito-pito* films. The idea is to finish principal photography in seven days and complete post-production in another seven, within the budget of PhP2.5 million (Garcia 54; Hernandez, “Digital” 137-8; Quito 13). In actual practice however, the prescribed “seven-seven” timeframe could actually extend up to 10 or 13 shooting days, plus two weeks of editing. (B. Lim 282; Tiongson, “Best” 16).

Given the characteristics of *pito-pito* films and following the low-budget and limited-resources criteria of independence, the *pito-pito* film could actually be classified as independent—only a big studio is financing the film at low cost. Contradictory as it sounds, it proves the point that defining “independent” on such conditions is limiting and inaccurate, since producing on a shoestring budget can practically be done by anyone—be it a big studio or not.

2.2.4. Technological

Technology is also a purveyor of independent cinema. In the 1980s, it was the advent of the Super-8, 16mm and video cameras that launched some new filmmakers (Deocampo, “Alternative” 62-3, “Short Film” 29). In 1999, the advent of digital video (DV) technology marked the dawning of the digital era in the Philippines (Hernandez, “Digital” 21; Tiongson, “Rise” 9, 14). Filipinos learned about the DV technology when: (a) the radical Danish film group called Dogme 95, founded by Lars von Trier and Thomas Vinterberg, came out with *The Idiots* in 1998 (Kingsley); (b) George Lucas shot *Star Wars Episode 1: The Phantom Menace* in 1998; and (c) student filmmakers who surprised the world with *The Blair Witch Project* in 1999 (Hall, “History” 284; Hernandez, “Digital” 21; LoBrutto 39; Tiongson, “Rise” 9).

The DV technology promises “accessibility, mobility, sensitivity, and versatility” (Tiongson, “Rise” 10) but its affordability is what encouraged aspiring filmmakers to try their hands in filmmaking. As film is a technological medium (Bordwell and Thompson 43), its development is almost always tied to the economic aspects as well. Cost has always been a factor ever since film was introduced. When DV cameras and tapes were introduced to the market, they cost only a fraction of film cameras and celluloid reels. This has accorded aspiring filmmakers from the upper middle-class the filmmaking

opportunity not granted by the commercial film industry (Baumgärtel et al 141; Hall, “History” 278). It has given them the artistic freedom and control they have always yearned for (Baumgärtel, “Introduction” 3; Hernandez, “Digital” 22; Tiongson, “Rise” 10; Zimmerman 248). This technological development has opened doors for a new generation of filmmakers to break into the industry (Barker 101), which was eventually termed again as “independent cinema.” Hence for a time, digital cinema or films produced using the DV medium was equated to indie cinema (3; Campos 90; Diokno) and seen as an “extension of avant-garde filmmaking practices” (Jenkins, “Quentin” 308). In a report by the National Statistical Coordination Board, the films from 2005 to 2011 have been classified as either “mainstream” or “digital,” where the latter assumes the independent position (Virola). However, in a more recent report by the Film Development Council of the Philippines (FDCP) and the Movie and Television Review and Classification Board, the “digital” label has been changed to “independent” or “indie.”

At the time when DV technology was introduced and being explored by budding filmmakers, the production of gay-oriented films also proliferated and somewhat outnumbered the other types of films. However, these gay films were not necessarily cause- or advocacy-oriented or even radical or politically correct films (Campos 91, 95). They were more of gay sexploitation flicks, bordering pornography, that some of them only had direct-to-video releases and were not shown on the big screen. Compounding the problem was that most of these new “filmmakers” tagged themselves as “indie” (Tiongson, “Rise” 2), not because they were not or could not be but they were also claiming to give voice to the marginalised sector that they belong to when they were actually not. Hence for a time, “indie” got a negative connotation that if it is an indie movie, it must be a gay skin flick. On the other hand, the accessibility of DV technology

has also contributed to the resurgence of regional cinema (Hernandez, “Digital” 49; Zulueta 33). However, film critic Francis Joseph Cruz is quick to note that it is not just about increasing the number of films from the region that matters but ensuring that “innovation will always be associated with regional filmmaking” (22).

Indeed, technological development is shaking up the concept of independence in cinema. The transition from the traditional film reel to digital signifies two types of independence: (1) reel freedom, which is to be “free” from the reel and the financial challenges of celluloid filmmaking that restrict aspiring filmmakers to enter the industry; and (2) artistic freedom provided by a more accessible technology. Digital technology is reshaping the whole industry (Wood 14) by rendering the film reel invisible and giving new meaning to independent cinema. According to filmmaker Paolo Villaluna, “The digital format in itself is a revolution—just the fact that it has taken away the monopoly of filmmaking from only those who can afford it is a testament to that revolution. ...It creates a wider margin for new filmmakers and new ideas, thus developing a healthier cinema for us” (Baumgärtel et al 147-8). There is no more reason not to make films because the idea that film as a cultural commodity is “expensive to produce but cheap to reproduce” (O’Connor, “Literature Review” 23; also Hesmondhalgh, “Cultural Industries” 29) no longer holds true. Now, it is considerably cheaper to produce and perhaps even cheaper to reproduce. Thus, everyone can be an independent filmmaker (Watt viii; Zafra 70-1).

Hernandez’ book *Digital Cinema in the Philippines* provides a detailed historical account of the emergence of digital cinema in the country, coupled with an analysis of its production, distribution and exhibition using the political economy framework. Her work is centred on the digital medium as a tool of the “independents” in showcasing

their works. She refers to the DV technology only as a medium of production and does not equate this to being independent. Tiongson agrees to this premise because big studios like Viva, Star Cinema, and GMA Films can use the DV technology but remain commercial in their objectives (“Rise” 3; also Hernandez, “Digital” 71-2).

In 2004, when commercial film outputs were at its lowest (Yu 11), independent digital film production has been active and consistent even if the films may not have been all good (Baumgärtel et al 147). Big studios like Star Cinema put up a digital film division (Hernandez, “Digital” 43), while Viva Communications, Inc. (then Viva Films) also had its own digital filmmaking division called Digital Viva (72). By 2005, the digital format has become the principal medium and almost a standard for filmmaking (Tiongson, “Rise” 15; “Editorial”), whether mainstream, indie or anywhere in between. This period saw the production of some notable digital films that were transferred to celluloid: Peque Gallaga’s *Pinoy/ Blonde*, Ellen Ongkeko-Marfil’s *Mga Pusang Gala* (Stray Cats), Brillante Mendoza’s *Masahista* (The Masseur), and Paolo Villaluna and Ellen Ramos’s *Ilusyon* (Illusion) (71; Carreon, “Philippine 2”).

2.2.5. Rise of (independent) film festivals

The advent of DV technology has led everyone to discover its potential. Filmmaker Khavn de la Cruz is one of the early adopters of digital video. He organised a small-scale festival called Digital Dreams that featured Jon Red’s self-produced film *Still Lives* in February 2001 (Hernandez, “Digital” 38, 153). The following year, de la Cruz mounted the .MOV International Digital Film Festival (71), which was later renamed as .MOV International Film, Music, & Literature Festival. The CineManila International Film Festival, which started in 1999, has also added a digital category called Digital Lokal as part of its festival competition in 2005 (Hernandez, “Digital” 71). That year also saw the

rise of a new generation of film mavericks through the first Cinemalaya Philippine Independent Film Festival. It aims to enliven the Philippine filmmaking landscape “by developing a new breed of Filipino filmmakers” who will “articulate and freely interpret the Filipino experience with fresh insight and artistic integrity” (“About,” Jardin, “Cinemalaya” 149; “Preface” 1). The Cinemalaya festival is organised by the CCP and funded by business mogul Antonio “Tony Boy” Cojuangco through his company Econolink Investments, Inc. Cinemalaya intends to discover first-time directors (Yu 12) in its “new breed” category but this was later changed to accommodate directors who have not directed more than three commercially released, full-length feature films (Cinemalaya Mechanics). Then in 2010, Cinemalaya added the “director’s showcase” category to accommodate established directors and those who have directed three or more full-length feature films that have been commercially released (Zulueta 26). The annual event also has side activities that include the short film competition and a congress as a venue to discuss filmmaking- and industry-related issues in the country (Tiongson, “Rise” 15).

Also launched in 2005 was another film festival, Cinema One Originals, which also aims to discover new filmmakers (Cruz 22). Unlike Cinemalaya however, Cinema One Originals is a private endeavour operating under the auspices of the cable network Creative Programs, Inc. (CPI)—a subsidiary of the major TV network ABS-CBN. The festival is actually an event for CPI’s movie channel Cinema One; thus, the festival name. During the 2007 Cinemalaya Congress, Cinema One channel head and festival executive producer Ronald Arguelles clarified that Cinema One Originals does not claim to be an “indie” festival like Cinemalaya. Cinema One’s selection process is still based on formula.

In the same congress two years later, Arguelles claimed further that Cinema One Originals was created “to contribute to mainstream cinema” (Campos 82-3).

In an interview with Arguelles, he verifies that Cinema One Originals was indeed born out of the channel’s need for content especially since the local film industry’s output has been declining that time. Arguelles then learned a vital information: Jon Red’s *Still Lives*—considered as the first digital indie film in the Philippines (Tiongson, “Rise” 14)—was produced for only around PhP300,000 in 1999. He shared this information with the network’s executives and proposed the idea of Cinema One Originals. The festival was approved, and it started awarding seed grants of PhP600,000 to each selected finalist.

The grant was increased to PhP700,000 in 2006 and then to PhP1 million in 2008 (Arguelles; Tiongson, “Rise” 15). In 2013, the festival began to have two categories for its competition based on the films’ “blockbuster potential and market appeal” and called them “Currents” and “Plus,” where entries in the latter have the highest commercial value and receive a seed grant of PhP2 million (Agting). Unlike Cinemalaya where filmmakers own all the film rights after a certain period of time, Cinema One Originals owns all the film rights in perpetuity (Tiongson, “Rise” 15). The festival’s terms and conditions were adjusted later to offer filmmakers a profit-sharing scheme for theatrical and other ancillary rights in the first five years, while the network retains full ownership of the TV rights since it is its core business. (“Interview;” Hernandez, “Digital” 223).

Several other film festivals mushroomed after the success of Cinemalaya and Cinema One Originals. However, some were short-lived like Cinemabuhay. It started to operate in 2005 through the funding support of another business tycoon Manuel “Manny” V. Pangilinan (MVP) through PLDT Smart Foundation (PSF) (“Cinemabuhay”). It

is the social outreach arm of one of MVP's companies—the telecommunications giant Philippine Long Distance Telephone Company and its wireless subsidiary Smart Communications, Inc. ("About Us"). While other festivals choose as many as ten finalists for their competition, Cinemabuhay awards PhP1 million to only one filmmaker per year ("Cinemabuhay Final"). The festival was progressing slowly and did not have enough promotion to generate interest for the audience. Hence, all the films produced under the festival did not take off as desired.

When the Foundation finally dissolved the festival in 2012, a spinoff by the name of CineFilipino Film Festival was born (Nebrida). It is organised and led by the production house Unitel Productions, Inc. but in partnership with other MVP group of companies like PSF, MediaQuest, and Studio 5 ("CineFilipino;" "CineFilipino 2015;" San Diego, "CineFilipino"). Studio 5 is the movie arm of television network TV5, which is also part of the MVP group of companies and owns 30% of Unitel Productions (San Diego, "CineFilipino;" Nebrida). In an interview with CineFilipino's first festival director Vincent Nebrida, he confirms that CineFilipino wanted to be like Cinemalaya, only more accessible. By this, he means that films need to have a solid script and must be enjoyable to see on the big screen but not necessarily pandering to the taste of mass audience.

More recently, two more festivals have been established. First is the Quezon City International Film Festival or QCinema, organised by the Quezon City Film Development Commission in 2012. Its executive director Ed Lejano envisioned the festival "as the city's answer to the Sundance film festival in the United States." Quezon City is a major city in Metro Manila that aspires to be the country's film capital (San Diego, "QC"). Second is the Sinag Maynila Film Festival, which was launched in March 2015. It is the brainchild of Solar Entertainment founder and chief executive officer Wilson Tieng and

internationally acclaimed filmmaker Brillante Mendoza. Sinag Maynila represents a ray of hope, signalling that there is a bright future for the industry. The festival aims to “highlight Filipino culture and tradition, and at the same time delve into relevant social issues” (Mendoza). For its inaugural year, Tieng and Mendoza have personally handpicked five filmmakers who received PhP2 million each to produce their respective films and compete in the festival. An open call was made in 2016 with the objective of giving the same seed grant to five filmmakers (San Diego, “Imbisibol”).

Another government-initiated project is the Sineng Pambansa (National Cinema), which was launched in 2012 as the flagship program of the FDCP. Guided by its main theme of bringing Filipino films to Filipinos, the festival aims to “revitalize the Filipino film industry by encouraging and supporting the production of high quality films, and by promoting the works of Filipino filmmakers to a wider public through national and international film festivals” (“Sineng Pambansa”). The festival started with a scriptwriting competition from which the winning scripts were given seed grants for production: PhP600,000 for full-length feature and PhP300,000 for full-length documentary (1st). The festival moves around the country from one region to another and varies its festival themes each year (“Sineng Pambansa”).

The proliferation of these festivals has also pushed voices from the regions to be heard. Many filmmakers from various regions of the country have showcased their works in the said festivals. Their success has also encouraged and strengthened more aspiring regional filmmakers to come to the fore and tell their stories. Through the support of national and local governments, more festivals (even in a smaller scale) have been established. These include NCCA’s touring festival Cinema Rehiyon that began in 2008 (Groyon 177); CineKabalen, relaunched as Sinukwan Kapampangan in 2009 and

then back to its original name in 2011 (Laxamana); and the Salamindanaw International Film Festival that opened in November 2013 and aims to strengthen “the cultural ties between Mindanao and its east ASEAN neighbors” (“First”). The list goes on.

Most of the listed festivals do not explicitly label themselves as “independent” but a common observation is that the selected films are not the usual movies with trite storylines that flood the movie houses. For example, the highly commercial Metro Manila Film Festival (MMFF) provides a glaring contrast to all of the abovementioned festivals. Even if the MMFF added a “New Wave” category to accommodate independent films in 2011 (“Editorial;” MMFF n. pag.), it only served as a preliminary side event to the whole festival, just like how front-act performances function in a concert. This new category is a sign that what used to be an exclusively mainstream competition is now open to the independent sector. However, the fact that the films are only allotted one movie house and scheduled one week ahead of the main feature competition also indicates that indie films are still placed on the margins, that they do not deserve to be *seated* together with mainstream films. Also, the selection and/or categorisation process as to which film goes to the main(stream) and new wave category is made on the basis of a film’s commercial viability. As the rules change almost every year, a film’s box office potential has been given more weight increasingly until it covered up to 50% of the criteria. It was only in 2010 when this was removed from the criteria in the awards selection especially for the best picture category after the whole industry was in disagreement with the results in 2007. However, this criterion is still given a weight of 50% in selecting the eight film finalists that will compete in the main(stream) competition (Du).

Regardless of the negative implications brought about by some of these changes, the positive impacts still shine through. All these developments have increased the number of films being produced in the country and have brought the indie productions to the foreground. Usually, the only time indie filmmakers are seen or heard is when they earn recognition in local and international festivals (Policarpio; Valerio, "Other" 6). In the last few years however, it is estimated that about 50 per cent (Cheah 41) or up to 70 to 80 per cent of the total films produced in the country are comprised of indie films (Capos 79; also Virola). FDCP also reported that out of the 256 films produced in 2012, 216 (84%) were indie (Enriquez 1). Over the last decade, the indies have also been dominating some of the award-giving bodies in the country ("37th Gawad;" "Editorial"). The official Philippine entries to the Oscars are also films produced outside the studios or those coming from the (independent) film festivals (see Table 1). After many reports about the dying or dead local film industry (Bunoan; del Mundo, "Industry is Alive," "Liver & Alive," "Long Live" 167, "Pagsusuri;" Hernandez, "Digital" 1; Tejero, "Third"), this progressive development has led different scholars and critic to identify this period as the third golden age of Philippine cinema (Baumgärtel et al 141; Carreon, "Philippine 2;" Gutierrez; Tejero, "Another," "Third;" Villasanta), which is comprised of the fifth generation of Filipino filmmakers (del Mundo, "Post-Brocka" 39).

In 2015, Cinemalaya announced a major development about the festival just as it was celebrating its 10th anniversary. Due to financial constraints, it did not award production grants to full-length films and only held a short films competition (Jardin), along with special screening of selected Asian films as part of the NETPAC showcase and Philippine Film Premieres. Meanwhile, the organisers focused on strengthening its educational and training thrust through the Cinemalaya Film Institute. The festival

Table 1. Philippines' official film entries to the Oscars

Year	Film	Director
2006	<i>Ang Pagdadalaga ni Maximo Oliveros</i> ¹	Auraeus Solito
2007	<i>Donsol</i> ¹	Adolfo Alix, Jr.
2008	<i>Ploning</i> ²	Dante Nico Garcia
2009	<i>Ded na si Lolo</i> ³	Soxie Topacio
2010	<i>Noy</i> ⁴	Dondon Santos
2011	<i>Ang Babae sa Septic Tank</i> ¹	Marlon Rivera
2012	<i>Bwakaw</i> ¹	Jun Robles Lana
2013	<i>Transit</i> ¹	Hannah Espia
2014	<i>Norte, Hangganan ng Kasaysayan</i> ⁵	Lav Diaz

¹ Entry to the Cinemalaya Philippine Independent Film Festival

² Produced by Panoramanila Pictures, distributed by GMA Records and Home Video

³ Entry to the Sine Direk series (a joint project between APT Entertainment, Inc. and the Directors' Guild of the Philippines, Inc.)

⁴ Produced by CineMedia Productions and VIP Access Group, distributed by Star Cinema

⁵ Produced by Wacky O Productions, Kayan Productions (as Kayan), Origin8 Media; Distributed by The Cinema Guild (USA, theatrical, 2014), New Wave Films (UK, theatrical, 2014), Supo Mungam Films (Brazil, all media, 2015)

Source: Film Academy of the Philippines

resumed its regular competition in 2016 with a bigger seed grant at PhP750,000 per finalist. The “new breed” and “director’s showcase” categories were also merged and just became an open call for all aspiring filmmakers. In a news article, veteran filmmaker Mel Chionglo explains that one of the ideas behind this action is that the young directors are expected to have improved and “no longer considered newbies.” However, the festival has not considered that there will always be new, inexperienced and aspiring filmmakers wanting to join the competition. This has drawn some mixed reactions from the film industry. Some claim that this is an unfair decision because it is not levelling the playing field, while others say that if the “new breed” filmmakers are really good, it does not matter who they are competing against. Nebrida asserts, “I wouldn't even tag

anything as mainstream or indie but if it's a really worthy project it can stand on its own." Acclaimed independent filmmaker Kidlat Tahimik disagrees to this action and believes that it is forcing new talents "into the same boxing ring as the heavyweights." As an act of protest, Tahimik returned his Gawad Balanghais Lifetime Achievement Award that CCP gave him in 2014 when he was officially recognised as the father of Philippine independent cinema (M. Cruz, "Changes").

Looking at other festivals, Cinema One Originals has already taken this direction of merging the new and experienced filmmakers into one open call. Both festivals have started similarly by calling on inexperienced filmmakers, then adding a category for those who have already made at least three films, and finally collapsing the categories altogether and awarding a bigger seed grant. This plan was announced in 2013 and immediately took effect the following year (Agting). Some of the newly established festivals described earlier have also announced an open call regardless of the number of films a filmmaker has made. This raises a lot of questions. Why are the festivals taking these steps? Is this a sign that indies are being relegated and pushed back to the margins yet again, that they will be disregarded and become invisible once more? How about the filmmakers who have crossed the margins and are on their way to the centre (of mainstream), will they no longer be regarded as independents in the same way that the early independents in the 1970s and 1980s have become the new mainstream?

Technically speaking, the contemporary indie filmmakers during the age of Cinemalaya are independent in the sense that they are new or inexperienced, or as Cinemalaya calls them, the "new breed." Hence, del Mundo's way of periodising Philippine film history by grouping them according to generation is more plausible. The most recent generation of filmmakers are typically those who have never been given the

opportunity to get their hands on filmmaking. They have no resources and generally rely on grants, trust fund, investment capital, corporate sponsorship and/or festival platforms (Berra 15; David, “Wages” 272; del Mundo, “Riding” 7; Hall, “Distribution” 5; Hernandez, “Digital” 223). These characterise them as “independent” but at the same time “dependent.” According to Matti, it is exactly the aspiring filmmakers’ lack of opportunity that Cinemalaya is using to its advantage. “It provided a way for these so-called patrons of film to start acting like the big studio producers they all hated in the first place” (“Cinemalaya”). Hence, even if these festivals declare an open-call submission, these indies are left with no option but still join the competition because there are no other avenues for them.

Again, there are two ways of looking at the open-call competition. First, by having no divisions or categories in the competition means that it is a way of removing the labels or the mainstream-indie divide. Second, the battle between the “new” and “old” breed under an open-call competition will demonstrate the filmmaker’s storytelling abilities with or without any filmmaking experience, as the selection is based on a submitted storyline or sequence treatment. Matti disagrees with this requirement however. For him, a film is “more than just a script. It’s about the skill of telling the story using the medium” (Interview). Hence, there is no way to assess an individual’s filmmaking prowess because the real test happens after the script is translated to visuals. At the same time, the screening committee also checks the background of the entrant in terms of one’s ability to finish a film. The irony lies here: how can the committee assess one’s capacity to deliver a project when s/he is inexperienced? This is also why Cinemalaya has set up a monitoring committee—to “guide” festival grantees with their film production and ascertain that everyone delivers on time.

This is contrary to how Kidlat Tahimik makes his films because time is his ally. He rejects the western concept of having a production timetable and gives his films enough time to write themselves. He waits for an idea to gel and does not get frustrated when he cannot shoot right away. This style allows him to work at his own pace. Hence, he thinks that he will never receive a grant from any of these festivals. His filmmaking method is totally non-mainstream. It is script-less and time-less or not bound by deadline. For example, his most recent work *Balikbayan # 1: Memories of Overdevelopment Redux III* (2015) has taken him more than 30 years to finish (“Interview”). Indeed, the meaning of independence in Philippine cinema has changed over time.

The arrival of digital technology has been very instrumental for independent films and filmmakers to be visible. More than the technology however, it is the festival platform that has propelled the growth of the indie film sector. The films would not have reached an audience without the festivals. Back in 2005 when Cinemalaya started, the organisers and the production teams had to exhaust all means to get an audience and convince media outfits to cover the festival. Now, Cinemalaya has become an institution that it is already a “marker for that period when indie practically replaced popular mainstream production in terms of quantity” (Campos 79). Cinemalaya has also become a benchmark for every (independent) film festival that came after it.

Many critics are saying that there are just too many (independent) film festivals on the rise that they have to be mindful of not serving their own interests. On the other hand, CineFilipino consultant Tony Gloria thinks that there should even be more festivals. Nebrida agrees and says that he has not met any filmmaker who said, “Enough already” (San Diego, “CineFilipino”). Solar Pictures managing director Butch Ibañez

shares the same thought and asserts that all these festivals open more doors for filmmakers and provide more options for the viewers. Nebrida adds that the number of festivals is not the issue but that “there’s not enough that is able to give back to the filmmakers,” whether in the form of monetary returns or otherwise. This remains as a challenge given to all festival organisers, whether it is a public or private entity and regardless of the nature and “real” objectives of the festivals.

2.3. Conclusion

This chapter has traced the development of Philippine independent cinema, as it fleshes out the various notions of independence across different historical junctures. While the periodisation of Philippine cinema’s timeline varies from one film historian to another, it is acknowledged that the Philippines has a long tradition of independent cinema (Baumgärtel, “Introduction” 2; Lent, “Southeast” 15)—with each period having its own notion or meaning of independence and respective drivers of development. First, the academe has provided an alternative space for new filmmakers to explore the medium of filmmaking. This refers to the availability of creative space and exercise of creative freedom outside the established studio system. Second, new technologies like the Super-8 in the 80s (Baumgärtel, “Introduction” 2; Deocampo, “Short Film” 3) and the DV camera in late 90s have played a role in making filmmaking more accessible for the independents. This factor points to both artistic and economic freedom that makes use of a cheaper technology in exploring the avenue of filmmaking. Third, the closure of the ruling studios of a particular era such as the “big four” during the sixties has given birth to new industry players that started off as independents. However, this last aspect is a

purely business endeavour that shakes up and confuses the meaning of independence. These “independents” are not really independent based on its creative or cultural notion but technically new entrants to the industry who happen to call themselves or have been labelled as “indies.”

Every time there is a development in the film industry—whether it is the arrival of the (new) indies, the downfall of studios, decline in movie outputs, domination of certain genres or emergence of new trends—scholars attempt to redefine (Deocampo, “Alternative” 64) or seek to chart the future course of Philippine cinema (del Mundo, “Charting” 58, “Philippines” 119). As discussed however, developments in cinema always occur over certain periods of time. Hence, film history is best approached through periodisation, where each period corresponds to a particular event that reshapes the whole industry. To begin with, cinema is dependent on and driven by technology (Hoppenstand 223; Kerrigan 193). Hence, as technology develops, so does the industry. We will therefore never stop redefining cinema. It will continue to find artistic meaning and creative freedom through cultural production in a capitalist industry. As of writing, the story of Philippine (independent) cinema continues to grow and transform. It might be in its climax now but its story is still moving. With all the changes in the local independent film festivals and with new ones being established, we expect more developments and milestones to happen that will reconfigure the film industry as it progresses.

Chapter 3

Now Showing: The State of Philippine Independent Cinema

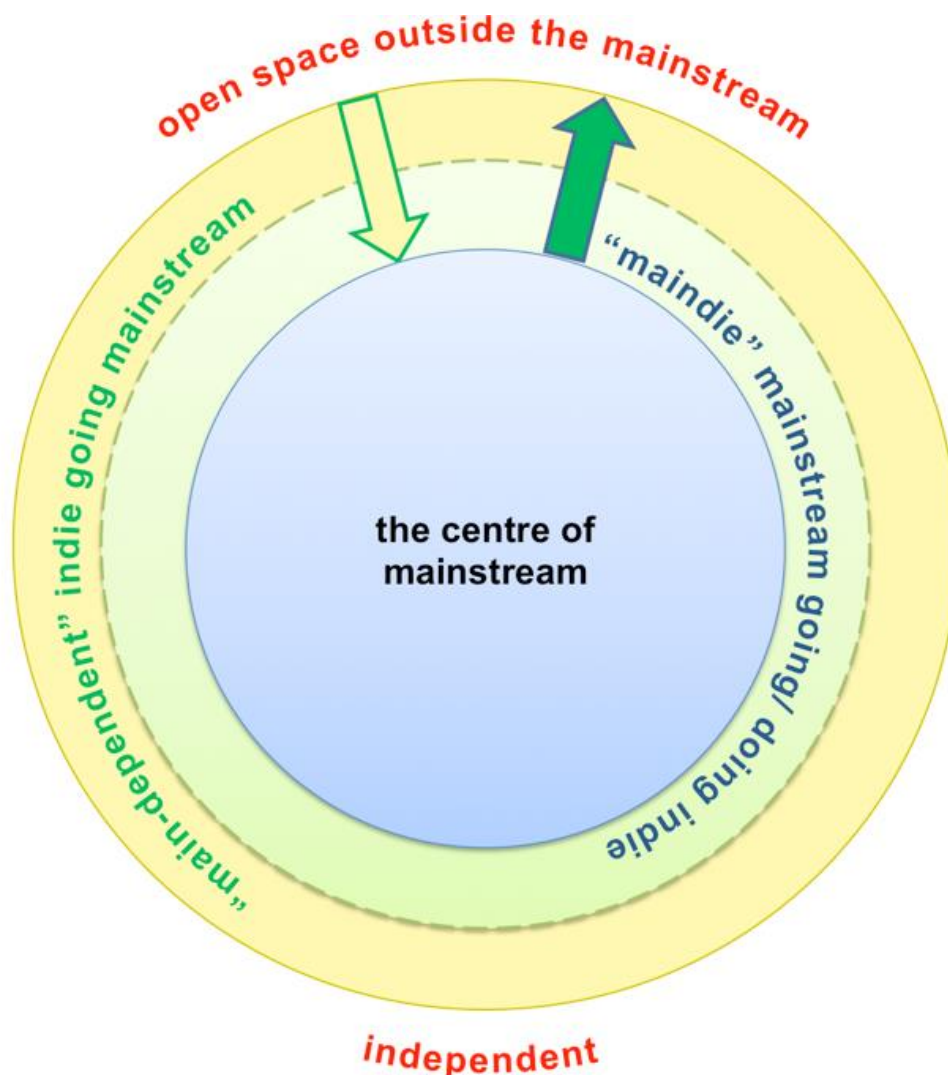
In recent years, independent filmmakers have been casting major (mainstream) film celebrities in their film (Zafra 71), something that is atypical of an indie production. They include big contract stars of TV networks and those who seem to be migrating from mainstream to the indie world (“Editorial”). Many independent productions are also partnering with big studios in using their marketing machinery and selling the film’s cable rights to networks that are looking for content to air in their respective channels. This rather contradicts the traditional notion of independent filmmaking, which does not employ a star-studded cast or the machination of major film outfits. On the other hand, big studios have also started to set up new divisions that specifically handle the production of indie-like films. They employ lesser-known or up-and-coming stars and veer away from the usual mainstream genres that the major outfits are known for. The line that distinguishes independent from mainstream cinema is now becoming thinner and blurred (Tioseco, “Body” 183). The definition seems to overlap and is now more directed at the difference in content or theme—whether it is the formulaic studio way of storytelling or not. This apparent crossover or “hybrid” also raises the question as to whether indie filmmaking is now the new mainstream (Tejero, “Third”), or is mainstream trying to improve its product offering by taking the indie route?

These industry changes have led to a new cinema label called “maindie”—a portmanteau that was introduced in 2012 (Torre, “Maindie”) to describe a movie that is

quite shady to be classified at either end of the mainstream-indie binary or pertains to the possible union of these two opposing worlds (San Diego, “Maindie”). Cinemalaya festival director Chris Millado defines “maindie” as the “liminal sphere straddling and invigorating both independent and mainstream cinema” (Valisno, “Crossing”; also San Diego, “Mainstream”). It is the hybrid of mainstream and indie, or as critic Francis Cruz puts it, “their monster child out of wedlock” (22). At the onset, this neologism is explained from the production aspect of filmmaking, characterised by combining the mainstream vibe with indie sensibilities or vice versa (Santos, “Interview”). As the concept of “maindie” is relatively new, this chapter is not set on establishing a clear-cut definition of what the label constitutes. Rather, it explores this grey area of the filmmaking spectrum and inquires whether this new label complicates the relationship between the already divided mainstream and indie sectors or it bridges the mainstream-indie divide in an attempt to re/unite the whole industry. “Maindie” is even at a stage where the term is problematised. Will “maindie” eventually gain (wide) acceptance as a label in categorising or at least describing films with these blended characteristics, or is it just a fad term that will soon fade away? At present, industry practitioners are split on their standpoint: some cringe at the creation of the label, while some agree and welcome the thought of being called “maindie” filmmakers. This chapter addresses how the industry perceives these “maindie” films, whether the filmmakers accept or reject these labels, and what they signify. By profiling some industry newcomers that serve as case studies, this chapter also analyses how old and new industry players interact and navigate through del Mundo’s three areas of filmmaking, as illustrated in Chapter Two.

The current developments described above indicate that there is a shifting movement between the filmmakers who are working in the periphery and those at the centre of mainstream, and thereby creating another layer between them. A circle with broken lines represents this shifting motion and signifies an ongoing development that may or may not be fixed (see Figure 5). First, those working in the periphery are showing signs of inward movement towards the centre of mainstream. These are represented by contemporary filmmakers at the onset of the digital boom and those who are born through the help of festivals like Cinemalaya. Second, those working at the centre of

*Figure 5. Shifting movements between the periphery and the centre of mainstream**



*author's visual representation

mainstream demonstrate an outward movement towards the periphery and are represented by groups or studios that have created a new division that specifically produces “indie” films. The ongoing movement in this in-between space is what presently describes the current state of the Philippine film industry.

3.1. New industry players

3.1.1. Spring Films

Spring Films was formed because director Joyce Bernal, who admittedly has always had a mainstream orientation, has always wanted to do edgy and “braver” films than what mainstream is already producing, but still mainstream. By this, she means that she wants her out-of-the-box films to be accessible to a big audience. The films do not necessarily target the general audience but also not the “snobbish,” highbrow crowd. Hence, she classifies her group as “maindie.” Everything started out informally as a group of friends with the same passion for cinema. All of them have their respective commercial projects and full schedule, so this is something that they only do on the side. Hence, Spring Films has only four titles to date: the *Kimmy Dora* trilogy and *Relaks, It’s Just Pag-ibig* (Relax, It’s Just Love, 2014). Each film is produced under different production engagements—from being independent to having co-productions. This is discussed further as case studies in Chapter Five.

3.1.2. Origin8 Media

Like Spring Films, Origin8 Media started informally as a group of eight friends; hence, the number in its company name. As co-founder Moira Lang puts it, they want to form a bigger group and “graduate from making Cinemalaya movies,” while Tammy

Dinopol thinks that it is but a natural progression to have her own group after working for Star Cinema for about 12 years. “We didn't set out to make art films,” Dinopol shares, “because sometimes independent films are seen as films that are not mainstream—[something that’s] inaccessible to the general audience” (“Interview”). What their group wants is to produce movies that would cater to the general market or basically, the audience of Star Cinema. All of them want to produce “braver” films that are accessible and offer insights to the viewers, using a bigger budget. They want to make films that will not require approval from studios or films that other producers will not do—something that might be considered as “orphans” (Lang; Zafra 75). These are films that they feel strongly for but are also “accessible and potentially very commercial.” The group believes that “excellent content and blockbuster success go hand in hand, that critical acclaim and mass appeal are not opposing forces” (“Why,” also Hoppenstand 222).

Origin8 Media also wants to market its own films and possibly, films of other groups. Its first project is actually marketing Spring Films’ *Kimmy Dora 1* (2009). As Origin8 founders also have other commercial projects, they only meet as a group occasionally to brainstorm and pitch concepts that could be their very first film production. Then one day, Lang shares a story that she has experienced as a possible storyline. Everyone finds Lang’s concept to be very promising and immediately agrees that it would be Origin8’s first film. Soon, *Zombadings 1: Patayin sa Shokot si Remington* (Remington and the curse of the Zombadings, 2011) was born. The film’s trailer played in several theatres as early as 2010, and the film was released the following year. The team has sourced out funding from 10 investors so that no one would have a majority share in the film. This is clearly specified in their contract such that no investor has

control over any aspect of the film—be it in creative or marketing. The film’s budget from preproduction to marketing is PhP12 million. The film has only been shown in Manila and grossed around PhP40 million at the box office. The group received its return on investment two months later (Dinopol, “Interview”; Lang).

3.1.3. Tuko Film Productions

Tuko Film Productions was set up by Fernando Ortigas as a small production house to handle his personal animation project in 2008. Coming from a prominent family engaged in the real estate business, Ortigas claims to be a frustrated writer and has always wanted to make films. After writing his first script, he wanted to see it come alive on the big screen. Ortigas thought that animation would be a cheaper route to realising his dream, although it might take him a longer time to finish. Then one day, his friend Ed Rocha asks him if he would want to venture into live-action films. Rocha co-wrote a script with Henry Francia entitled “Whirlwinds of Dust: The Fall of Antonio Luna,” which won third place at the Film Development Council of the Philippines’ “kaSAYSAYan” Historical Scriptwriting contest in July 2010. Ortigas likes the script and asks Rocha if he already had a director in mind who could execute it. Rocha says that Jerrold Tarog would be directing it, and soon enough, the film *Heneral Luna* (General Luna, 2015) started production. Rocha then sets up Buchi Boy Entertainment and becomes Tuko’s partner. A detailed discussion about the film is presented in Chapter Five.

Even if Ortigas comes from a strong corporate background, he admits that he is more of a creative person than a businessman. For his filmmaking venture, his consultants have advised him to set up a new corporation for every film production that he gets involved with. In the case of *Heneral Luna*, it is produced under Artikulo Uno Productions. This is rather a new practice in the film industry, as traditionally speaking,

one production outfit will only have one legal entity and produce titles under this name to establish branding. However, Ortigas clarifies that while each new company carries one film title, he is keeping Tuko as the brand name. It is a business strategy to protect the company from liabilities, such that if one company (or in this case film) fails, it does not affect the other companies. However, after *Heneral Luna's* success and several co-productions later, Ortigas was re-advised to be more practical and strategic with its branding since the company is growing. After which, TBA was born to signify the integration of Tuko Film Productions, Buchi Boy Films, and Artikulo Uno Productions. Despite all these developments, Ortigas still sees TBA as an independent group because for him, it is not a “big” studio. However, by existing indie financing standards, TBA has a relatively big budget for its period pieces and co-finances other productions. In fact, Tuko is growing very rapidly that it can be considered as a vertically integrated company. It now has several other businesses such as an arthouse cinema called Cinema '76 and an online distribution platform called Cine Tropa. Details are discussed further as case studies in Chapters Five and Six.

3.1.4. Reality Entertainment

A much earlier entrant to the industry is Reality Entertainment. It operates outside the playing field of major studios but runs its productions like a studio. Reality Entertainment did not make much noise when it began producing movies. It was unable to sustain its film production outputs for several reasons but the founders are very clear with their vision. They want to be the “new” mainstream. In 2002, Erik Matti was directing *Prosti* for Regal Films. The supervising producer assigned to him then was Mother Lily's son Dondon Monteverde. In one of their meetings, Monteverde asked Matti about his future plans, to which Matti replied, “I want to get to a point where I

don't need to get my ideas approved by anybody, and we could just produce the kind of projects that we really wanna do." Monteverde has had the same thoughts and a few months later, he teamed up with Matti to form Reality Entertainment. They started operations at the backyard of Monteverde's house in 2003 and stayed there for two to three years before moving to a new office.

The partnership seems very ideal and balanced: Matti handles the creative while Monteverde takes charge of the business component. However, after one of their films, *Exodus* (2005), failed at the box office, they thought that they might be in the wrong business because they learned that the postproduction house they partnered with has earned more than they did. So they decided to set up their own editing house using the income they earned from *Pa-Siyam* (2004). However, this venture was unsuccessful. Optimistic as they are, Matti and Monteverde put up a new postproduction facility with a new set of people. It is called Post Manila and is now the leading postproduction house in the country servicing half of the advertising industry. One thing has led to another that they seem to be slowly building up their "empire" by setting up more companies—each with a specific business focus. These include Revolución Media Group and Shoestring Productions. They also have their own lighting and camera equipment business where they get most of their funds, as well as a CGI (computer-generated imagery) house called Mothership. They have also put up Revolver to handle advertising productions so that Reality Entertainment stands out as a brand that does feature-length films. While they know that their ideas are not the most mainstream, Matti explains, "We don't wanna be relegated to the obscure or to the film-festival-circuit kind of filmmaking. We wanna be mainstream. So we knew that it would be hard to do our films if we don't have the resources ourselves to keep the risk quite small. The idea

when we make films really is the potential for a box office is equal to the amount of money that you can risk.”

Reality Entertainment is using this strategy to achieve the positioning that they want: producing local films with universal ideas but still being mainstream. Matti admits that they may have a limited niche market locally but it could be coupled with international earnings (Interview). In 2012, Reality Entertainment released a new film, *Tiktik: The Aswang Chronicles*, which pushed the company forward after a seven-year hiatus. Even if Matti and Monteverde think that they have made a mistake with *Tiktik* by producing the film for both local and international market, they confirm that it is their only major hit at the local box office, and that they have sold the film to four or five territories. The feedback is that some of the territories cannot understand the film’s humour because of the local contexts and nuances. However, what has really put Reality on the industry map locally and internationally is *On the Job* (2013). The film has been screened in the Cannes Film Festival and received many rave reviews from around the world even before its local theatrical run. In terms of box office, the film has not been able to recoup its PhP40 million investment even if Star Cinema distributed the film. According to Monteverde however, the film has performed very well in the foreign market. Eleven countries have bought the film’s rights. Not resting on their laurels, Matti and Monteverde decided to produce *Tiktik*’s sequel, *Kubot: The Aswang Chronicles 2* in 2014. The film is a finalist to the 2014 Metro Manila Film Festival (MMFF) and has won six awards, including third best picture. Reality Entertainment seems to have found the “right path” to its destination. However, Monteverde says that they have been planting the seeds ever since Reality Entertainment started. The mainstream dream does not happen overnight. For Matti, the mainstream game is exactly what it is, no matter how

much people want to change it. “It’s either you want to play with it or get out” (“Cinemalaya”).

3.1.5. Quantum Films

Quantum Films was established in 2004 as MLR Films under the leadership of Josabeth “Joji” Alonso. She is a lawyer by profession who is very passionate about cinema. Under MLR Films, Alonso has produced two notable films, *Minsan Pa* (One Moment More, 2004) and *Kubrador* (The Bet Collector, 2006), both directed by Jeffrey Jeturian. After realising that using the initial letters of one of her children’s names is too personal for a film outfit, Alonso changed it to Quantum Films in 2008 and has produced and co-produced around 20 titles to date. Alonso considers herself/ Quantum as an independent producer since she is not a studio-backed entity. She dislikes using the label “maindie” and prefers to be called “alternative mainstream” instead. For her, the primary objective of producing films is still “to make money” but without insulting the intelligence of people. Film critic Lito Zulueta also uses the phrase “alternative mainstream” to refer to this developing sector dominated by digital filmmaking, which “poses a ‘modernist interrogation’” and “a modernist vision that tries to change the world by using the modern technology of digital cinema” (38). It is a certain type of filmmaking that does more than simply to entertain.

Almost all of Alonso’s films flop at the box office. After losing more than PhP20 million in *Minsan Pa*, she mortgaged her house to produce *Kubrador*. One thing she has learned from producing her first film is to have a budget cap for each film. For indie standards, most of her films carry a big budget. For example, the budget for *Here Comes the Bride* (2010) is almost PhP30 million, while *Kimmy Dora 3* (2013) is about P33 million (although this is a co-production). Alonso has only one objective when she produces a

film and that is to make a film. She does not care if she gets her money back. Then she realises that she has been putting her earnings as a lawyer into filmmaking. She admits losing around PhP40 to PhP50 million in investment over the last decade of producing all her films. Aside from producing films, Alonso is also distributing films. She has her own booker who attends the central booking committee meeting and handles the booking of all films that go through Quantum Films.

3.2. Mainstreaming indie

The five production groups profiled in the previous section are some of the contemporary players that have emerged over the last decade. They are considered “independents” in the sense of being new industry players that are not major studios. Their thoughts vary in terms of labelling themselves as indie or maindie but based on the mainstream-indie binary, it is impossible to categorise them on either side. Hence, putting these new players in the middle of the mainstream-indie spectrum is a better way of positioning them based on their structures and systems of operations. Although the “maindie” label maybe a shady term to use because it is not clearly defined, it is a good temporary in-between space assignment where mainstream and indie meet halfway. As the definition of “maindie” is in question and problematised, it is important to ask from whose lens the term is being defined. Is it from the viewpoint of mainstream or indie? Are these films independent by nature and are taking the mainstream path, or are they assumed to be from the mainstream camp that are going the indie route? This is where the ideas of mainstreaming indie and “indiefying” mainstream come in.

This section discusses the concept of mainstreaming indie. Since mainstream is defined from its mode of consumption, does mainstreaming an indie film mean that it is about penetrating the mainstream market? Is it all about landing a distribution deal and getting a theatrical release? As the examples below demonstrate, there are many aspects of an indie film that must be tweaked to have a successful mainstreaming process. The mainstreaming of indie can be seen on one or a combination or all of these production aspects: formality of structure, budget, content, aesthetics, and genre. It is more than just applying mainstream platforms and strategies to indie filmmaking.

The indies need to follow some of mainstream's mode of production while utilising its mode of consumption optimally based on the premise that film distribution and exhibition has always been a constant challenge for indie films (Kerrigan 62, 65). As argued in Chapter One, distribution is the heart of the filmmaking business. Therefore, the mainstreaming of indie is also its process of becoming and being recognised as an industry (Levy 505) or what I call the "industrialisation or commercialisation of indies." However, del Mundo considers the phrase "indie film industry" as an oxymoron (Campos 83). For him, it does not echo the idea of "true" independence in filmmaking because a film cannot be independent and yet considers itself as part of a (commercial) industry.

In terms of organisational structure, from the mainstream perspective, the new industry players are small, informal groups that want to penetrate the film industry. While they may have the resources or access thereto in finishing the film, they do not have the full mechanism for promotion and distribution to get the film through exhibition. On the other hand, from the standpoint of "real" indies, these new groups are big and organised formally. They are registered legal entities and have the resources,

if not the capacity to pull resources together, to run a film production. In contrast, “real” indies are mostly individual filmmakers who gather a production team when a project comes up. They usually only have a production name that is not a registered business entity, as keeping a formal group entails overhead costs that add up to their production expenses. For example, in the production groups I have been part of, Buruka Films was dissolved after producing a number of films because it is impractical to maintain a business entity that does not have a regular film output; while Little Buruka Films is only a production name because the film *K’na, the Dreamweaver* (2014) is co-produced by Tuko Film Productions and is registered under another business name. For Emanuel Levy, this type of formal, organisational structuring best describes the mainstreaming of indies because such institutionalisation is the first step in legitimising the existence of independent groups as a sector (501).

Based on my observation, there are two types of indie newcomers today. First are those coming in as neophytes with no film background, experience and industry connection, with limited or no (access to) resources, and with only a story concept and fervent desire to become filmmakers as their assets. Most of them either start in film schools (Levy 38) or film workshops, which means that they have the capacity to pay to learn the tricks of the trade, or they are affluent enough to have the resources and start producing their own short or full-length film. The usual route after this is to enter the film in a (festival) competition. If it wins, then it is a good start. Second are those who have a relatively strong network base, clout, industry experience, and reputation. This is what Philip Drake calls “reputational capital,” which treats reputation as a form of capital based on the person’s performance “within key industrial, institutional and social networks.” This is then translated into a “distinctive industry identity... [and] becomes a

personage” that becomes the “currency of creative labour” (“Reputational” 145, emphasis in original). This process of establishing reputation is important in “creating the perception that one is a legitimate player in ‘the industry’” (Zafirau 100; also qtd. in Drake, “Reputational” 140).

Depending on their industry reputation, these new independents are in a better position to do the films they want because their “personage” may provide them with more access to funding sources, or they may even have their own resources to produce films. It follows then that it is easier for them to organise themselves as a formal group and run their film production thereafter even if it may not be as big as the major studios. This reputational capital also allows them to cast big-name stars (Zafra 71) that will increase the film’s marketability, and thereby its commercial viability or economic value. The trademark of mainstream’s star system has now arrived in the indie scene. Before, actors accepted roles in independent movies as their starting point to enter the mainstream sector. It also used to be not “hip” to be part of an indie film, as this was “a signal that an actor’s career was in trouble” (Levy 502). Now, mainstream actors yearn to be involved in indie productions, as this validates their craft as actors. The five new players identified above belong to this second type of indies who have the reputational capital to get their films produced for the big screen. In fact, they are also considered as insiders who already know the ins and outs of the industry. Hence nowadays, the term “indie” has become more of a “euphemism for a small-studio production” (Levy 505; Wasko, “Hollywood Works” 78).

In terms of budget, the listed new players, except Origin8 Media, have a generous production investment that is comparable with the big studios. For example, Tuko Film Productions may not have a strong or big reputational capital but it has the financial

capacity to produce period pieces, and yet still considers itself as independent. Also, even if Ortigas claims to be more of a creative person, his strong corporate affiliation keeps him guided in his film engagements. He has business experts to consult with anytime. Hence, while Tuko self-identifies as an independent group, it is guided by corporate principles. It is run like a corporate entity but with the flexibility and vision of an independent film group. All of them also have the same goal of providing quality content and attaining box office success. This is seen as something highly ideal, if not contradictory or impossible to achieve as a joint objective. For Michael Newman, these indies want to have it both ways: they seek “autonomy but also profit, authenticity but also a marketing push, art without the taint of commerce but enough commerce to make the art pay” (“Pursuit” 26; also qtd. in Tzioumakis, “Academic 2” 332). Most of them have big reputational capital that the dual goal appears to be a realistic target. However, Reality Entertainment provides a stark contrast among all of them. While it can be regarded as an indie outfit or starting out as an independent player, it is actually set up and operates like ABS-CBN or Star Cinema. In fact, it is on its way to being the new multimedia conglomerate or the new mainstream that Matti and Monteverde envision.

For the content, aesthetics, and genre aspects, a good case to start with is the film *That Thing Called Tadhana* (That Thing Called Destiny, 2014). It is Antoinette Jadaone’s fourth film (as screenwriter and director) and her second film for the Cinema One Originals. She says that the film’s pop-culture references and allusion to some of Star Cinema’s biggest romantic hits have made the film more relatable to the general audience and a less alienating kind of indie movie. Thus, the film was an instant hit during the festival. Jadaone generally works as a freelance filmmaker and belongs to the

second type of indie filmmakers but she has no formal group established. However, after the astounding success of the film, Jadaone's reputational capital increased, and this has brought her to work with Star Cinema for a number of romantic-comedy projects.

Considered as another phenomenal indie success is Quantum Films and Tuko Film Productions' *English Only, Please*. It is independent in the sense that the producers are minor and new players in the industry. According to its screenwriter Jadaone, the film's concept was initially rejected in some independent film festivals she had joined. Persevering as she was, she pitched the idea to Alonso who was looking for a possible MMFF film entry that time. Jadaone suggested her romantic-comedy script as a "counterprogramming" (S. Murray, "Cultivating" 165-6) or what she called an "alternative viewing" strategy for the MMFF market. This was a big risk because in the last two decades, fantasy, horror, and family-oriented comedy genres usually dominated the MMFF, while romantic comedies are meant for a more regular, non-festival screening. Nonetheless, the plan proves to be successful in the end.

Alonso admits that *English Only, Please* is actually a formulaic film. The story is a bit predictable but she has to learn to work with formulas and put her branding in those formula films. Despite this, Alonso claims that she will always be an independent producer, "at least for appearance's sake." For her, the bottom line is still to earn from the film so she can fund her future projects. After the film's box-office success, Alonso discloses that exhibitors already consider her as mainstream, as if she passed the final test to cross to the other side of the fence. Hence in 2014, Alonso set up a new production outfit called 8 Films that will (once again) cater to independent film production. It has produced two titles to date. For Alonso, mainstream and indie cannot be married and live under one house.

On the contrary, the triumph of the two indie romantic-comedy films at the box office means that there is a romantic affair between mainstream and indie. Philippine mainstream cinema is lorded by the romantic comedies (Matti) but what used to be a regular mainstream genre has crossed over to the indie sector. It is not that there is a genre exclusive to mainstream or indie. However, the indies seem to have learned to use the very genre that dominates and somewhat excludes them at the box office in going head to head with mainstream. The indies have given the rom-com a fresher treatment or has added an indie flavour to it. They have adopted the mainstream language and are using it to make a mark in the studio-dominated industry. The results are “well-polished indie films” or indie films with a mainstream look (Tolentino, “Indie”). Moira Lang also observes that *English Only, Please* is aping the Star Cinema rom-com, only it is better, smarter, and less annoying.

According to Pribram, even if the contemporary indies are perceived to be moving towards the mainstream, “independent cinema’s cultural currency is based on its ability to remain recognizably or arguably distinct” (3). However, for Tammy Dinopol, if it is like another Star-Cinema movie, then it is only reinforcing the dominant force in the industry. The indies are just reproducing the same practices of the major studios (Staiger, “Individualism” 79) and end up not really being independent. Case in point is the 2015 MMFF entries. Four of the official magic eight entries are romantic comedies (Sallan, “Romantic”), two of which are from Star Cinema, one from OctoArts, and another from Quantum Films (“8 Entries”). This proves that particular genres will tend to dominate or trend at certain periods of film history. In the Philippines for example, there used to be a mainstream fare of action films in the 80s and 90s until they were replaced by the Star-Cinema romantic comedies.

While these are all positive developments, these films prove that the new or smaller player has to ape the big producer in order to make a dent in the industry. Such strategy has seemed to work for Jadaone whose dream is to really become a (mainstream) rom-com director. Hence, indie filmmaking has become more of a stepping-stone or training ground for entering the mainstream industry (del Rosario; Holm 69; Jenkins, “Quentin” 299; King, “American Independent Cinema” 261)—which is typically the goal or target destination of aspiring filmmakers (del Mundo, “Philippines” 119). For Moira Lang however, the question remains the same, “Will there be a considerable market share for small producers versus Star Cinema or even Hollywood?”

Given that these case studies have the elements for mainstreaming indie, what then is the difference between these new (indie) film releases and the usual mainstream film product? If it has the right combination of stars, budget, genre, etc., then these indie films are as mainstream as they can be, except that they are produced and directed by newcomers. Does this mean then that it is transforming an indie film project into a commercial mainstream product? Yes, provided that it has the right mix of mainstream ingredients to get into the commercial realm. With the proper promotional machinery and usage of mainstream tools, any film can be mainstream. However, even if distribution and exhibition occupy a big space in the mainstreaming process, having a distribution deal and theatrical release does not mean that a supposedly indie film loses its “indieness.” Michael Newman argues that mainstreaming an indie film even enhances its indieness. This process amplifies rather than diminishes “its salience as a cultural category. The fact that cultural products identified as independent are now produced and consumed under the regime of multinational media conglomerates has not threatened the centrality of alternativeness to the notion of indie” (“Pursuit” 17).

Otherwise, it raises the question again: Where does that leave the “real” or “true” indies like Kidlat Tahimik and Lav Diaz who prefer to work outside the confines of mainstream? Are they being pushed farther away to the margins—or as Campos puts it, “the margins of the margins” (99)?

If being at the margins means that these films are not accessible to the mass audience or that they only cater to a niche audience, then this has to be reassessed. An indie film can be distributed and exhibited theatrically without the film being highly commercial. For example, Kidlat Tahimik’s *Perfumed Nightmare* (1977) was released and distributed internationally, as well as Lav Diaz’s *Norte: Hangganan ng Kasaysayan* (*Norte: End of History*, 2013) (“Norte”; San Diego, “Lav”). Does this make the filmmakers and their films mainstream? No. Both filmmakers have made the choice to work outside the mainstream. In an interview with Tahimik, he shares that he “wanted to be free [from] the Hollywood formula” but it does not mean that he is neglecting his audience. He still believes, “Film is a mass medium that you share to the outside world.” Likewise, Diaz has moved from the centre of the mainstream to the margins and became like a “mainstream rebel.” After doing five films for Regal Films, he says that his “cinema couldn’t breathe.” He claims that he could create his space and articulate his “own aesthetics within the overwhelming consumerist perspective of the industry” but he eventually “understood that it’s their game,” so the only way for him was to create cinema on his own terms. For Diaz, independent cinema is something relative and is a “soul thing.” Hence by his praxis, his cinema is truly free (“Interview”).

The assumption and notion that having an indie film distributed is commercialising the film and jeopardising its indieness comes from the fact that there is no arthouse cinema in the Philippines. Hence, there is only one distribution pattern in the Philippines

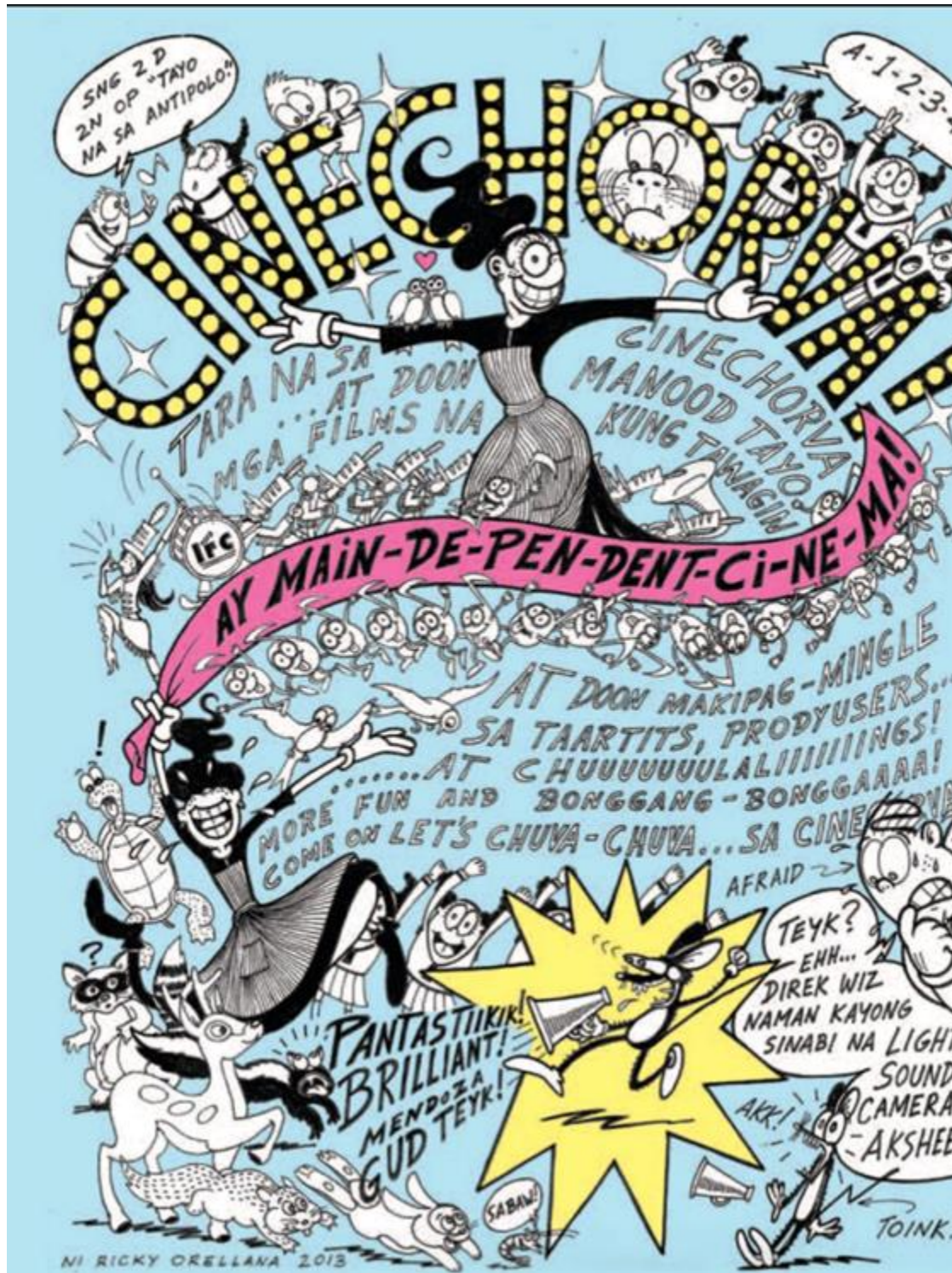
(Santos, "Interview"). When a film gets a theatrical release, it is also dubbed as a commercial release. There is no alternative formal distribution channel to speak of. There is no other space (or choice) for independent films but to go the "mainstream" path. Otherwise, the reel will just be canned and shelved. Hence, all film examples cited above display a pattern of reliance on having a film distributed by a major company, which may make or break a film. Even if a film has a major distributor, there is no guarantee that a film will gross big at the box office. However, this increases the chance of a film to make money or at least recoup its investment. As such, it has been another common notion of independents to be called "main-dependent" or mainstream-dependent. In the US, they are called "dependencies" (Zimmerman 247-9) because they have to be "*dependent* on deep-pocketed entities" (C. Lyons, emphasis in original) or the system of the majors in terms of distribution platforms and channels (Aksoy and Robins 8; Hillier xiv; Tzioumakis, "Academic 2" 327). As Margaret Dickinson points out, "'Independent' is a term used extensively to lend an assumed dignity to a host of activities which by their very nature can only be dependent" (127). The notion of dependence here is seen on two levels. First, the indies are generally dependent on grants or other funding sources besides itself. Second, the indies are dependent on mainstream's machinery for marketing and promotion, distribution, and exhibition. In that case, no filmmaker or producer can ever be "truly 'independent'." As John Berra explains, the indies "cannot exist separately from the field of economic power... represented by studios, distributors, exhibitors, and promotional media," which indeed makes the term "independent" very misleading, questionable (15) and confusing. To be independent then is actually to become dependent.

The idea of being mainstream-dependent has been parodied as an editorial cartoon in the newsletter of the Philippine Independent Filmmakers Collective (IFC Pilipinas) called *Indie Bravo* (Orellana 8, See Figure 6). The text follows the popular Filipino folk song “Tayo na sa Antipolo” (Let’s go to Antipolo) and satirises the state of Philippine independent cinema as being mainstream-dependent, especially on the aspect of distribution for its survival or sustainability. However, the same question can be hurled against mainstream cinema. Could it not be that mainstream is also depending on the indie sector to produce movies that suit the mainstream audience? By distributing finished films of the indie sector, mainstream is simply using its established distribution system and is saving a lot on production cost, especially if the movie could sell itself. If the movie proves to be a box-office success, then it is an easy moneymaking venture for the mainstream player that has its own distribution arm.

The current situation of the indies paints a picture of reliance on the mainstream’s machinery for distribution and promotion in order to reach a wider audience. For instance, despite the existence of several festival platforms, the challenge for the indies remains the same: What happens to the film after the festival? As Zafra points out, critics of Cinemalaya have always doubted the festival’s sustainability, as there is no strong marketing plan and advertising campaign. By the time the audience learns about an indie film showing in the theatres, that movie will have been replaced by a major studio’s romantic-comedy hit or a superhero sequel. Even indie films that play in commercial theatres are bound to fail. While some films get lucky to close a distribution contract, most indie films never reach their intended audiences (71). Hence, the indies seem to be in a double bind. Now that they are looking for and engaging in distribution deals, they are being criticised for going commercial and giving up their indieness. Even

Cinemalaya is expanding its venue to include commercial theatres such as those owned by the Ayalas. However, critics see it otherwise and mock the name of Cinemalaya as

Figure 6. “Main-dependent” cartoon



Source: Orellana, *Indie Bravo* (8)

“CinemAyala” to signify the commercialisation of indie films and the loss of its independence (Babao and Morales).

Consequently, the growth or success of an indie film/maker has to be qualified, too. Is this quantifiable in terms of box-office revenues, the number of films made, the number of awards received and film festival participation, and the ability to secure a national and/or international distribution deal? John Berra believes otherwise: “The economic failure of a work is a sign of its success” (15). Two of my key respondents share the same view. For Butch Ibañez, “Films that are of quality don’t do well box-office wise.” There is an inverse relationship between a quality film and box office success. Vincent Nebrida agrees, “There is a disconnect between festivals and making it sustainable... in terms of (the films) reaching their market.” The case of *English Only, Please* is an exception because the film was entered in a commercial film festival. Otherwise, it would have to go through the same process of waiting for a distributor to pick it up and have a theatrical release nationwide.

In Tolentino’s essay “Indie Cinema as Cultural Capital,” he notes the current orchestration of indie films towards their mainstreaming. Now, indies appear to be in a “reconciliatory position” with its mainstream gatekeepers, saying that the indie sector has lots of content to showcase and that the market needs them. Tolentino argues that the mainstreaming of indies has a corresponding retransformation of cultural capital. Indie filmmakers are now more concerned about penetrating the (mainstream) market than solving the problem of audience development. This results in the reduction of cultural capital of indie filmmakers as “prophets of transformative art.” The filmmakers are now also expected to be “astute marketers” of their own films. They tend to be peddling their films from one distributor to another, hoping to be picked up. The cultural

capital of indie is slowly vanishing and now transforming into social capital. When the indie filmmaker reaches the mainstream level, what makes the film move forward is no longer his working as an (ex-) indie filmmaker but the filmmaker's social network or the powers that be who can further his work and career into a higher social order ("Indie"). As such, one's reputational capital is at work once again. For Tolentino, the mainstreaming of indie is a form of capitalisation. Once an indie film or filmmaker goes mainstream, indie's cultural capital loses its value because capital itself becomes the impetus for circulating the film, filmmaker, and indie cinema ("Indie").

3.3. "Indiefying" mainstream

The commercial success of *English Only, Please* and *That Thing Called Tadhana* validates and strengthens the premise that there is money in indie filmmaking. Indie films are no longer avant-garde films with a niche audience; they can now attain commercial success (Levy 50). Being indie has become so mainstream that it is now in the mainstream world (Hernandez, "Digital" 225). Everybody wants to go indie and make films (Tolentino, "Indie"). This is what I call the indiefication of mainstream. It is the process of applying indie's mode of film production to a mainstream setup. It follows the indieness of an indie film in terms of theme, content, aesthetics, genre, and produces the film with just a fraction of a typical mainstream production budget. The "indie look" is now intentional and constructed (Tolentino, "Indie").

In the Philippines, media giant ABS-CBN already knows about the box office potential of indie films even before *That Thing Called Tadhana* has become a groundbreaking hit. Hence in 2011, ABS-CBN established Skylight Films as a specialty

label that produces indie-like films. It is only a matter of time for the company to prove its theory. Skylight Films is the best example to illustrate the indiefication of mainstream. Skylight's business unit head Enrico Santos explains the distinctions of the various labels that ABS-CBN has. ABS-CBN is the mother company. Under it is the corporate entity ABS-CBN Films, which carries several brands: Star Cinema is for mainstream feature; Skylight is a bridge label for mainstream and indie or their hybrid; Sine Screen is for low-budget, male, action and comedy products that are designed primarily for cable TV; Cinema One is a purely indie label for its cable network; and its newest indie film outfit Cinebro.

As Skylight Films is a brand, it operates as a virtual entity that is structured formally at a small scale under the ABS-CBN corporate empire. For Santos, the existence of Skylight Films is but a natural path or has become a pattern for "any film company that has grown large." As the company gets bigger, it acknowledges the need "to service the entire audience," and therefore one cannot simply group everything under one brand because a particular name may already have acquired a personality of its own. Santos describes Skylight as "an imprint to signify that these kinds of movies are mainstream in sensibilities and market and audience... but providing a slight edge in terms of storytelling innovation," which includes narrative structure, or having characters that maybe a little too edgy or non-archetypal for mainstream taste, or having a milieu or time frame that may not appear to be mainstream-friendly at the onset. Skylight Films is that dividing line between a pure mainstream and indie product.

On the other hand, Santos describes a Star-Cinema movie as generally feminine and provides a complete movie experience for the audience. There is a mix of drama, comedy, romance, and a strong family orientation. "It has a relatively generous

production budget—meaning the cars are big if they're big, the houses are big if they're big, and costumes are glamorous and beautiful.” It is also technically polished—that is even if the scene can be shot in one long take using a Steadicam, “Star Cinema would have to do it in five to seven to eight to twelve shots like in a normal, almost Hollywood movie.” Over time, Star Cinema has developed that kind of signature that its regular audience knows what to expect. When Star Cinema deviates from these characteristics, Santos says that it would be a “disservice” to its audience. Hence, ABS-CBN needs to develop labels accordingly to “keep expectations in accord to what they’re presenting” because filmmaking is “all about the audience and the market” (“Interview”).

It is no secret that there is a formula for blockbuster or mainstream films (Deocampo, “Short Film” 11; Lumbera, “Brief History” 5, 14; R. Monteverde; J. Reyes). However, Santos hesitates to use the word “formula” because it has become a pejorative term. He explains, “When critics say it’s formula, therefore expect the colour-by-numbers way of storytelling but if you take out the derogatory connotation... it’s more than formula.” Santos reveals that Star Cinema uses the equation: “formula plus-plus.” While the baseline is formula, they always identify “at least two elements that are non-formulaic.” He cites Star Cinema’s 2012 romantic melodrama hit movie *The Mistress* as an example. If they were only following a formula, the mistress would be the villain “who ruins the family” but the “plus-plus” factors add to the formula: first, the mistress becomes the heroine; and second, the film follows a nonlinear narrative structure and does not have a happy ending.

However, former Star Cinema writers Lang and Dinopol disagree with Santos’ claim. For them, “it’s still the same old formula.” In fact, “It’s more formula than plus.” Lang and Dinopol then contrast Star Cinema with their group Origin8 Media and

describe it as “more plus than formula.” However, Star Cinema did not start out that way. It was only when “studios adapted a corporate outlook, set up committees to supervise film production and broached the idea of stock exchange listing” that have led to the “strict adherence to formulas” and prompted directors to complain of their “inability to diverge from established procedures” (Sotto, “Brief” 53-4). Star Cinema is run like an advertising agency (Henares) where the movie product is highly commercialised to satisfy the audience. It is over the years of trying to determine the “formula” that things have changed. As Lang and Dinopol phrase it, Star Cinema has eventually perfected the formula that allows them to churn out 100-million-peso box-office films. They have kept using the “formula plus” concept repeatedly “until it just became formula through and through.” Now, Star Cinema has defined how movies are made and developed that taste in the audience. Hence, Matti declares that Star Cinema is actually dictating how Filipinos watch film.

On the other hand, Skylight Films uses the equation: “formula minus one, plus-plus.” When one lists down the elements that make a movie earn, a Skylight movie subtracts one or some of the formulaic elements and then adds two non-formulaic elements. From a business standpoint, this means that producers are taking more risks in making the movie. According to Santos, the family element is removed in some movies, while a huge element of sex is added in some. These factors alone immediately reduce their audience. For instance, in the horror film *Halik sa Hangin* (Kiss in the Wind, 2015), Skylight adds a love angle to the story to give it a mainstream appeal. In the gay comedy *Bromance* (2013), director Wenn Deramas incorporates sexy scenes where some characters are in their bikinis. For Santos, that is still not edgy enough but for the viewers who are used to Deramas’ family comedy with the usual use of slapstick as seen

in *Tanging Ina* (The Only Mother, 2003), *Bromance* is one or two steps up. He also cites *Call Center Girl* (2013) and *My Illegal Wife* (2014) as “comedies with a bit of raunchiness in them.” They are low-budget and lowbrow films but do not tackle family problems the way *Tanging Ina* does.

Given all these, Santos concludes that *Skylight* can be classified as “maindie.” He clarifies though that one “cannot really divide creativity in terms of mainstream and indie on a 50-50” basis. Even if ABS-CBN is indiefying its movie products by subtracting mainstream components and adding indie elements, the mainstreamness of a Star-Cinema product is still evident in a *Skylight* movie. The fact that *Skylight* movie trailers are being aired on ABS-CBN TV channels and some movie actors have TV guesting in ABS-CBN shows indicates that ABS-CBN is utilising its promotional machinery to maximise the exposure of its movie products. This is something that new (indie) players are struggling with unless they have a huge budget allotted for TV spots. This is also why and how *Skylight* movies can secure a lot of movie houses around the country to play their film. The reputational capital of Star Cinema is at work and is serving *Skylight* Films effectively.

Besides Star Cinema, other major studios like Viva Films and Regal Films also confirm that they are working with new indie filmmakers (Santos, “Interview”). Viva has also set up its “arthouse division” (del Rosario), while Regal Films has assigned a team that works on “indie” films (R. Monteverde). This means that studios acknowledge the existence of the indie market. Otherwise, it does not make any business sense for the company to indiefy their production when there is no audience. This premise goes back to the distribution challenge of indie films, where the most common reason that indie filmmakers are unable to secure distribution deals has always been a question of

audience. With so many (independent) films now, Zafra asks, “when will the audience come?” (71). At the end of the day, distribution is always a game of numbers. If indie films are still considered to have a niche market, how big or small is that market? Is there or can there be a mass audience for indie films? Is the number of paying audience significant enough to cover all related expenses and still yield profit for everyone?

The best case studies to look at in identifying the size of the indie market and in assessing the feasibility of indie film distribution are two of the longest running local independent film festivals: Cinemalaya and Cinema One Originals. Table 2 indicates an annual increase in the number of moviegoers to Cinemalaya, except for 2010 when it shows a 17% decline in attendance. The highest surge of attendees is in 2006, which can be attributed to the festival’s newness and success of the first edition. Generally however, the numbers are fluctuating and do not show a consistent audience growth. On the other hand, Cinema One Originals does not have a complete data set of its festival attendance but in an interview with Arguelles, he has provided the festival’s

Table 2: Cinemalaya Comparative Audience Count Report (2005-2013)

Festival Year	Audience Count (Revenue)	Audience Count (Non-revenue)	Audience Count (Total)	% Increase/ (Decrease) based on paying audience
2005	8,440	3,167	11,607	
2006	15,373	1,841	17,214	82.14%
2007	23,848	6,987	30,835	55.13%
2008	29,683	8,239	37,922	24.47%
2009	41,156	10,822	51,978	38.65%
2010	34,077	10,537	44,614	-17.20%
2011	57,892	12,901	70,793	69.89%
2012	66,910	11,331	78,241	15.58%
2013	82,322	14,317	96,639	23.03%

Source: Making Waves: 10 Years of Cinemalaya (99)

audience count and ticket sales in the last two years as shown in table 3. The number of viewers also reflects an increasing pattern but it is nowhere near the attendance of Cinemalaya. This is due to the limited number of venues that Cinema One Originals has versus the many accessible locations of Cinemalaya's.

Table 3: Cinema One Originals audience count and ticket sales

Festival Year	Estimated Audience Count	Ticket Sales (in PhP)	% Increase (Audience Count)
2013	7,000 +	1.40 Million	
2014	9,500 +	1.85 Million	21.43%

Source: Arguelles, "Interview"

Cinemalaya has not included its ticket sales report but simple arithmetic can help shed some light. The festival ticket prices vary, as it offers different packages ranging from a day pass to a festival pass, not to mention student discounts and price increase through the years. Using the latest count of paying audience in 2013 and multiplying this to the regular festival ticket of PhP150 yield a product of PhP12.35 million. For indie filmmakers, this gross receipt looks big. However, this figure is the total revenue of all the films shown in the festival. Assuming that there are fifteen films being shown and the revenue is divided equally, the sum does not even reach PhP100,000. This still excludes all other expenses and profit sharing that is deducted from the gross amount. It does not even come close to any of the box office hit of Star Cinema.

From a business standpoint, the statistics from both festivals is inconclusive and does not provide a strong pattern or basis to reach a good business decision. The numbers are not indicative of a critical mass for independent films. However, it verifies that there is an audience even if it appears to be an insignificant number. Based on the available data, one can only infer that the indie market is a growing market. Hence, any

endeavour targeted towards this niche market is considered high-risk. It follows then that the production budget or capital investment must be small so a corresponding return on investment can be ensured. The films *English Only, Please* and *That Thing Called Tadhana* are by far the strongest and only concrete proof that indie films can be commercially viable, as they have raked in millions out of a small budget. Therefore, depending on their commercial appeal, some indie films can secure theatrical distribution deals, while some go through the mainstreaming process because an audience, despite being small, can be guaranteed.

Given that there is an emerging audience for indie films, the next question is who are these audience members? Tolentino notes that based on the number of Cinemalaya 2008 attendees, it is clear that indie films have already created a fan base, if not a community (“Indie;” Campos 99). For him, the audience count is already a box-office draw considering the elitist perception and characteristic of the CCP venue. However, this is still a niche community because Cinemalaya, as well as other independent film festivals that have emerged in the last decade, is just a Metro Manila phenomenon (Tolentino, “Indie”). These films are not shown in the regions unless the festival conducts its outreach or educational tours, and there are only very few film entries coming from the region. While there are people who fly in from the regions to attend the festival, they are very few. This poses yet another challenge to the existence of the indie market because the numbers are not representative of a national scale. It is therefore not wise to just rely on these figures if a big company is doing a sales forecast for an independent film. Looking at the profile of Cinemalaya audiences, Tolentino identifies them to be mostly youth and culturati who have strong interests in advancing the cause of the local industry. More importantly, these are audience members who

have the purchasing power to see a movie on the big screen. Hence for Tolentino, the indie boom is not just a metropolitan phenomenon but more of a “middle-class cultural occurrence” (“Indie;” also qtd. in Hernandez, “Digital” 210).

Watching films used to be the cheapest form of entertainment but with all the developments in the film exhibition business, continual increase of admission price, and rampant piracy problem, going to the movies has now become almost a luxury (Bartolome). The profile of the moviegoing public has changed. Those who frequent the moviehouses now belong to the middle class (and upper) sector, where middle class is defined based on the official poverty line thresholds, where people have per capita incomes between four and ten times that of the poverty line (Albert, Gaspar and Raymundo). There is no longer a mass audience if this pertains to the C and D markets. Therefore, those who go out of their way to watch indie films in these festivals have the same profile as those watching a Star-Cinema or Hollywood movie. It is now difficult to distinguish between a mainstream and indie audience because moviegoing has become more expensive. The difference in audience profile just lies in one’s taste or preference for a movie in terms of genre, story, theme, stars, and one’s objective. Whether the film is labelled mainstream, indie, or maindie is now immaterial.

3.4. Next attraction: charting the course of Philippine independent cinema

The industry movements or business developments discussed above are not exactly new. The indiefication of mainstream has just arrived late in the Philippines, following the late development of the independent sector. Hence, all these appear to be a new phenomenon. Without going too far back and covering many details, revisiting

the beginnings of Hollywood provide a wider and better picture of the historical industry patterns that are parallel to the progression of Philippine (independent) cinema. As Tolentino emphasises, “The history of Philippine cinema coincides with the American imperial and Asia Pacific multinational histories” (“Geopolitics” viii). Hence, it is but proper and even inevitable to begin with Hollywood because it has propelled all other national cinemas (Gomery, “Hollywood as Industry” 245). As Brazilian filmmaker and writer Glauber Rocha aptly puts it, “When one talks of cinema, one talks of *American* cinema. The influence of cinema is *the influence of American cinema*, which is the most aggressive and widespread aspect of American culture throughout the world” (19, emphasis in original; also qtd. in Armes 35).

Hollywood actually started as an independent pursuit against the monopolistic or oligopolistic move of an alliance of film companies (Schatz and Perren 497) called the Motion Picture Patents Company (MPPC), also known as the Patents Company or the Trust (Bowser 29; Cunningham and Silver, “Screen” 55; Hillier xiv). That time, those who opposed the Trust started as independents or industry guerrillas but they were actually MPPC’s business rivals (Izod 25). Soon, those who were once “independent film outsiders” would become “consummate Hollywood insiders” (Hall, “History” 7) and considered as “studio pioneers and oligopolists of the Hollywood era” (Schatz and Perren 497). The film industry is all about business competition; and this cycle of seemingly never-ending business warfare has continued in the industry (Tzioumakis, “An Introduction” 23) and described the pattern of other independent movements that arose (Hall, “History” 7). One thing is clear then: to be independent is to resist control or break free from a certain type of enslavement. It is a reaction to any form of monopolistic business practices (J. Reyes; Tzioumakis, “An Introduction” 23). For this

reason, Sherry Ortner describes the discourse of independent filmmaking as a reactive discourse (“Against” 5; “Not” 30). The concept of independence is always discussed as an act of defiance against or resistance to a controlling force and rests upon the idea of being different.

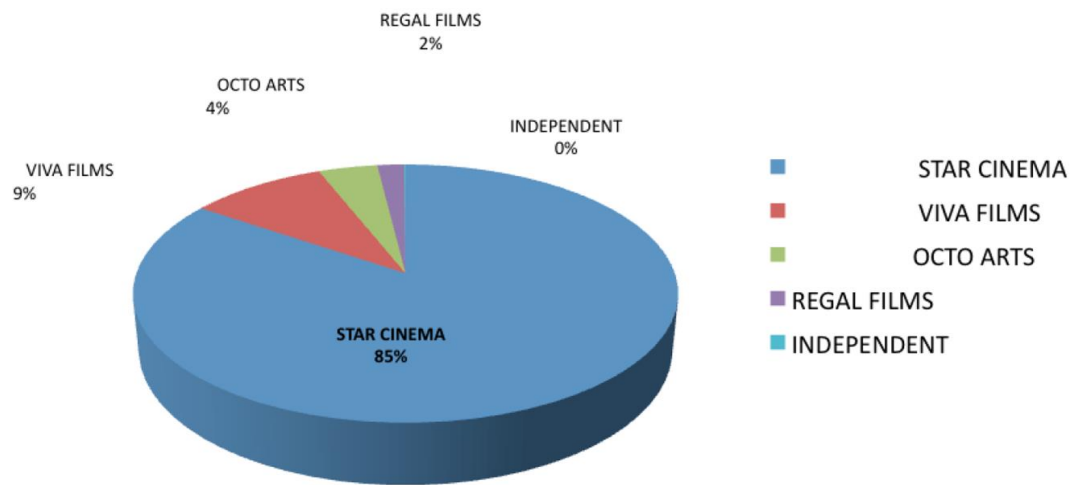
Now, the emergence of “maindie” is shaking up the Philippine film industry. Alluding to what Santos has explained, these movements have happened to American cinema as a natural progression of a growing industry. In the US, the counterpart of the Philippines’ “maindie” is called by several names. It pertains to this grey area or the crossover phenomenon between mainstream and indie (Hall, “Distribution” 3; Heuman, “Independence” 131; King, “Indiewood” 3-5; Newman, “Indie” 5, 16; Polish, Polish and Sheldon 10; Tzioumakis, “Academic 2” 332). It started with the Hollywood studios establishing their “specialty” divisions (Berra 23) in the 90s when “indie” film productions were growing. Instead of being “destabilised or threatened,” the majors “sought to annex ‘independent’ film culture through acquisition or creation of specialty distribution divisions” (S. Murray, “Cultivating” 162). These were labelled as “mini-majors” (King, Molloy and Tzioumakis 5), or “major independents” (Tzioumakis, “Academic 2” 327; Wyatt, “Formation” 74), or a “commercial independent production” (Staiger, “Individualism” 68-69). More often, it is recognised under a more formal name “Indiewood” as a zone “in which Hollywood and the independent sector merge or overlap” (King, “Indiewood” 1). This mid area of filmmaking is also described as a “semi-independent” production (Hillier xv; King, “American Independent Cinema” 9; Merritt 4; Staiger, “Individualism” 72), or a “quasi studio” (Tzioumakis, “Hollywood’s Indies” 4) because it is neither fully mainstream nor truly indie (King, “Introduction” 13, “Thriving” 41, 44-5; Newman, “Indie” 10). These developments demonstrate that there are layers

or many types of independence (Bernstein 41) where one can be “‘more’ or ‘less’ independent than others” (“Academic 1” 110). In other words, one can only have certain degrees of independence but never have absolute independence in filmmaking (King, “American Independent Cinema” 9).

In the Philippines, Skylight Films is considered as an “industry-based independent” (Hernandez, “Digital” 180) because it is technically a specialty division of Star Cinema, along with its other new labels. How about the other players that are not affiliated with any studio, are they not “maindie” in that sense? The answer lies in whether or not these industry players are concerned about branding or how they label themselves. Over time, independent or indie cinema has grown to have so many permutations that the “meanings of ‘independence’ remain as elusive as ever” (Hillier xvi). At the same time, if the major players can actually create indie labels, then they are destabilising the essence of independence by constructing “indie” as a brand (Newman, “Indie” 4; “Pursuit” 27; Polish, Polish and Sheldon 9; Staiger, “Sorting out” 22) and making it as a niche-marketing concept (Braester 551; Hernandez, “Digital” 224-5; King, “Indiewood” 11; Tioseco, “Body” 183; Tzioumakis, “An Introduction” 13). As such, indie films are treated as commodities (Parks 2) or a commercial marketing category (Wyatt, “Revisiting” 211). Mainstream then has seemed to rob the independents of their freedom by moving farther to include the periphery as part of its space. To be independent in this case is just a façade or a mainstream in disguise. The term has then become a misnomer (Tzioumakis, “Academic 1” 116, 118) and a mockery of the indies (Dyer, “Vengeance” 18). Hence, Michael Newman argues that the idea of being indie (and mainstream) is a social and cultural construction (“Pursuit” 16-34; Tryon 138).

The development of Philippine cinema as an industry is similar with that of Hollywood. Both have new players coming in as independents but are actually by-products of business functions. There is a reason the movie industry is also called “show business” (Zafra 69). In Hollywood, there was a fervent desire to resist control and foster competition at the beginning, and those who succeeded in overthrowing the old dominant players gained control and took over to become the new mainstream or the Hollywood that it is now. Both industries share a common story of economic-related resistance. Hollywood was driven by competition (Tzioumakis, “Academic 1” 111), while the Philippines was beset by labour and other related problems (Lumbera, “Problems” 39; Sotto, “1897-1960” 39, “Brief” 46, “Short” 47). At present, the birth of “maindie” in the Philippines follows the same pattern as the birth of “Indiewood” in the US. While both industries have nearly analogous historical patterns, the period of their development is different. The question now is, if the Philippine contemporary indie scene mirrors the progression of the American movie industry, why is it only taking place in the Philippines in the last few years, considering that it has a relatively long history of cinema? Following the idea of business competition, media giant ABS-CBN has been complacent with its lead and large market share. It is confident that its competitors will not easily overtake or overthrow Star Cinema from the top spot. In fact, Philippine mainstream cinema is equated to “Star Cinema.” There is practically no “big three” or “big four” to speak of, except the “big one” that is dominating the film industry.

In the 2014 Pinoy Media Congress, Santos’ presentation shows that Star Cinema controls 85% of the market, whereas its competitors Viva Films, OctoArts and Regal Films share the remaining 15%, while the independents are basically non-existent—it is less than one per cent that the decimal is rounded off to zero (see Figure 7). In other

Figure 7. Star Cinema's domestic market share (2014)

Source: Enrico Santos

words, Star Cinema does not feel the effect of competition or threat. All these industry movements have technically no impact on them. So there is no need for ABS-CBN to take any action, as there is not enough of a “big threat” to immediately consider adjusting or exploring new grounds. Unlike in the US, there are not enough indie players to shake up the status quo of the Philippine movie industry. Hence, the story of American (independent) cinema is ahead and more established than that of the Philippines. For instance, Sundance was born nearly two decades earlier than Cinemalaya and even before the boom of digital technology. In fact, the Philippines is still waiting for the birth of its Miramax counterpart.

Nonetheless, ABS-CBN's eventual establishment of Skylight Films does not mean that Star Cinema is threatened by the flourishing indie film productions. In fact, Star Cinema treats the booming indie scene as an opportunity to increase its market share, which follows the pattern of how Indiewood was born. The major players treat the rise of the new indies as a “trend” that is gradually growing as a potential market. By including what is considered a niche market, ABS-CBN is actually expanding its market

share and thereby increasing its profit. Hence, even before new indie players become a threat, ABS-CBN moves one step ahead by growing its business. Now, ABS-CBN is not just distributing indie films through Star Cinema, it is also producing indie films through Skylight Films. In the event that the market does not pick up or the indie “trend” fades away, it will not be a big loss for conglomerates like ABS-CBN because the production cost for Skylight Films is much lower than that of Star Cinema.

Therefore, if mainstream is expanding its territory and working its way to include the periphery in its zone, and those working at the periphery are moving closer towards the centre of mainstream, does this mean that they are closing the gap between them? Could this be the end of the mainstream-indie divide? Is this crossover from both sectors actually a sign of merger, or will these movements even perpetuate and accentuate the mainstream-indie divide? For del Mundo, “the two are never to merge because this would spell the end of independence.” Rather, he proposes to have a “clearly demarcated but ‘compromised’ co-existence between the indie and the mainstream” sectors (Campos 83). Quality is formulated and compromised because the construction of meaning is based on the production of movies as commodities. Business dictates and shapes cultural tastes and meanings. Hence, under the premise that there can be no absolute independence in filmmaking lies the same argument that occasional compromises will have to be made especially in independent filmmaking. In an industry where mainstream cinema is the stronghold, economic viability takes charge of cultural production. The maximisation of cultural production by means of technological developments is the working of the economic over the cultural. Mainstream cinema is mainstream not because of its mass appeal or popularity but because of the various

economic interests that construct it, while indie cinema is indie because of its openness to unpredictability, experimentation, risk, and the learning process that goes with it.

3.5. Conclusion

This chapter has examined the in-between spaces created by the current, shifting movements in the Philippine film industry. Based on its present condition, the chapter asserts that the term “independent” has been loosely used that it has been overused, misused, and even abused. It also argues that to be independent is to be a natural part of the film business cycle. In Dyer’s analysis on the rise of American indie production in the sixties (Tzioumakis, “Academic 1” 112), he claims that it is the fall of the “old” mainstream (Sotto, “1897-1960” 39) that gives rise to the independents, which eventually becomes the new mainstream (Hernandez, “Digital” 225; Lumbera, “1961-1992” 41). Hence, there will always be a transitional space between the centre and the periphery of mainstream because that is where most of the development in the film industry occurs, while those at the farther end of the margins will always be there. They will always be part of any cultural industry that seeks to introduce something new and desires to be different. The independents will never go away and will just continue to evolve from one entity to another. One does not stay perpetually independent. Pribram succinctly summarises this: “There are no fixed criteria for what constitutes an independent film, its outlines shifting as dominant standards evolve, as long as it remains in some accountable (usually marketable) measure alternative to Hollywood practice. Once a specific innovation has been absorbed by mainstream film, independent practice responds by reinventing itself otherwise” (xiii).

Whether or not the new (indie) players want to be part of mainstream or the “new” mainstream, they are born out of the need for innovation (Levy 53) and competition. “Maindie” as a name or label maybe new but the structure and operations are the same. From Sampaguita, LVN, Premiere, and Lebran in the 30s to them being replaced by Regal, Seiko, Viva, OctoArts, GMA Films, and up to Star Cinema’s domination at present, the story follows the same business pattern. If the indies are indeed going mainstream and mainstream is going indie, then history just repeats itself because for every period in film history, there will always be a new set of major players by the name of mainstream and a new set of minor players by the name of independent. Therefore, this continuous mainstream-indie development cycle is best seen as a continuum rather than placing them in binary oppositions (Holmlund, “Introduction” 3), as they are all integrated under one structure, and there will always be constant fluid movements within it (Zimmerman 248; Tzioumakis, “Academic 2” 322, 326-30). Hence, mainstream and indie are said to have a symbiotic relationship (Tzioumakis, “Academic 1” 107, “Co-dependence” 1), coexisting with rather than fighting against each other (Kwidzinska 15; R. Murray 6; Tzioumakis, “Academic 2” 326, 329).

Current developments have also led various filmmakers to call for a label-less cinema and close the divide. The existence of these labels has led the mainstream and indie sectors to push each other away from having a unified industry and working towards the goal of improving the quality of Philippine cinema. Cinema is just cinema (“Editorial”) and must have no labels (Diaz, “Interview”). This is of course being ideal but in reality, we have to recognise the divide and just try to bridge the gap. Hence, Holmlund (“Critical Formations” 26) and Zimmerman (248-50) argue to do away with the binaries and have a more interdependent cinema (Tzioumakis, “Academic 2” 327). Marfil

shares the same vision of interdependence because she believes that film is a community endeavour. As Holmlund puts it, mainstream and independent cinemas will always be interconnected and “never simply opposites; because aesthetics and politics, industries and ideologies are linked” (“Critical Formations” 26). As such, the focus needs to be about good filmmaking and not labels.

In an industry where numbers define its vibrancy, all the changes and movements in Philippine cinema today could increase its annual film output. However, there is no assurance that it will improve the quality of movies being produced. There are only two possible outcomes: either these developments provide a richer and more diversified content or they just offer the same thing. On the one hand, the mainstreaming of indie is challenging mainstream’s dominant position by showing indie’s capability of going mainstream through its mode of distribution and exhibition. On the other, the indiefication of mainstream may be impeding the growth of the independents again and block them from moving forward by competing with them in the peripheral space where they are supposed to thrive and progress. Therefore, the question remains the same: Will the independent sector ever make a mark? Does finding a solution to the distribution challenge of indies answer the problem of their sustainability as a sector?

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Chapter 4

Distribution and Exhibition as Intermediary Spaces

Having discussed the dynamics of independent cinema and fleshed out its strands in the Philippine context, and having analysed the industry developments as demonstrated in the movements between the mainstream and indie spheres in Philippine cinema, I now move to examine how these films—especially those labelled as indies—reach the audience, and where (and how) they are situated in the business domain of film distribution.

As argued in Chapter Two, the meaning of independence in cinema evolves and changes across different time frames in a nation's film history. Hence, there is no single notion or clear-cut definition of what constitutes an indie film other than what is perceived and labelled. This means that the way distributors and/or exhibitors use the labels "mainstream" and "indie" is based on how they see or read or measure the film in terms of its commercial viability. A film with a high box-office potential is assigned as mainstream, while a film with a low box-office potential is considered as indie. Once the film is tagged as "indie," it is considered as a niche product. In effect, the chances of the film getting a distribution deal are very slim or none at all. It has to be noted though that these labels are defined from a big studio's perspective. A niche audience does not necessarily mean 10 viewers; it can be 10,000 people who are interested in a niche content, and for indie filmmakers, that is already a large audience.

In the business context, film production is treated as the cost centre and distribution as the revenue centre. If the film is not distributed, then it does not get monetised, and the circulation of funds does not complete its cycle. Therefore the film just becomes a big expenditure with no return on investment. The accessibility and availability of the independent's creative works has always been a challenge since indie filmmakers do not have easy access to the distribution machinery (Hernandez, "Digital" 195). Hence, the most common question that an indie filmmaker encounters is, "Where (or how) can I see your film?" This poses another challenge for the indie filmmakers: how will they sustain a consistent film production output when its distribution aspect remains an impending challenge? The following four chapters address this key question by analysing the different economies surrounding film distribution. Throughout this thesis, "economy" is used in both general and specific terms. In its broadest application, economy refers to the big picture of national or global economy. Within the context of this thesis, economy pertains to the specific film economy that involves the transactional process of distribution and exhibition, which the succeeding chapters expound on.

In Lobato's theorisation of distribution, he identifies three types of film economies. The formal film economy describes an activity that is "regulated, measured, and governed by state and corporate institutions;" the informal operates in direct opposition to the formal, "shadowed by a vast, unmeasured and unevenly governed zone of informal commerce" (Shadow 4); while the semi-formal is that shady area or "grey zone of semi-legality" (95) that lies in between the formal and informal economies. While my thesis draws and picks up from these concepts, my layout of film distribution economies (see Table 4) differs from that of Lobato's on some points and is fleshed out clearly in the succeeding chapters.

Table 4: Types of film distribution economy

Formal	Semiformal	Informal
<ul style="list-style-type: none">• Traditional platforms<ul style="list-style-type: none">• Theatrical• non-theatrical• New / Emerging platforms	<ul style="list-style-type: none">• Self-distribution or independent distribution	<ul style="list-style-type: none">• Piracy

Chapter Four explains the concept of distribution and exhibition as intermediary spaces and provides a historical context of the distribution and exhibition business in the Philippines. Chapters Five and Six cover the formal film distribution economy in relation to the indie filmmaker by first discussing the traditional platforms of theatrical and non-theatrical releases, and then followed by the emerging distribution platforms that utilise over-the-top technology. Chapter Seven delves into the semiformal and informal film distribution economies. Altogether, these chapters present a picture of how the distribution and exhibition landscapes operate in the Philippine context and how film distribution and exhibition have always been a systemic barrier for independent filmmakers (Silver and Alpert 57).

Specifically, this chapter describes how the formal economy of film distribution and exhibition in the Philippines is organised and structured, how a critical understanding of distribution “cannot be divorced from production and consumption” (Cubitt 195), and how the business of distribution and exhibition is intertwined (Petley 76) and feeds each other, sometimes at the expense of the filmmaker. This chapter begins by explaining the concept of distribution and exhibition as intermediary spaces, then traces the historical roots of film distribution and exhibition practices in the

Philippines, and then examines the politics behind this oligopolistic tradition (Aksoy and Robins 11). It is important to note that this thesis does not aim to identify or discover a new business model of film distribution to make the independent sector sustainable. Rather, it discusses and investigates the problems in the film distribution and exhibition system that causes or makes this activity appear to be an unsustainable endeavour for indie filmmakers to venture into. To better address the challenges and questions posed earlier and before going into a detailed discussion of the different film distribution economies, it is critical to set the parameters first by fleshing out the concept of distribution.

4.1. Distribution as an intermediary space

Film distribution is the movement of bringing the finished film to the audience (Kerrigan 37; Parks 1). It is also about finding the most effective way of making the film available to the public (Donahue 1). It covers everything from promoting the film to its literal travel across space and time (Cubitt 194; Lobato, “Mapping” 2, “Shadow” 1-2; Verhoeven 243), “whether by bicycle or satellite” (T. Miller, “Circulation” 351). It is like a highway or runway that brings film to places and reveals the spatial and temporal footprints of the films. Distribution is the process of connecting film “producers to audiences” (Knight and Thomas 13) or “film texts with audiences” (S. Murray, “Cultivating” 160). Hence, people engaged in this activity—the distributors—act as middlemen (Levison 105; Wasko, “Hollywood Works” 84) who facilitate this “audience-text relations” (Lobato and Ryan 188). However, there is more to distribution than just its bridging function. Once the movie leaves the producer’s desk and goes to the movie theatres (among others), the business of filmmaking begins to roll (Levison 106). In a

much wider context such as Hollywood and other giant film studios, distribution is about film trade (Nowell-Smith 9) that is equated to sales (Cowie 4; Parks 1; Ulin 5) and advertising (Halsey, Stuart & Co. 205). It is about monetising content or treating film as a product for audience consumption. Hence, distribution is also referred to as a marriage between “creative and sales skills” (Ulin 2) since “the distributor must be a salesperson, an entrepreneur, a skillful negotiator and a raconteur” (Levison 106). One has to be creative in selling the creative work.

From what used to be a rather neglected and understudied field, literature on film distribution has been gradually growing in recent years (Atkinson 2; Crisp 1-2, 15; Curtin et al 14; Gonring and Crisp 2-4; Knight, “Archiving” 68-9, “DVD” 25; Knight and Thomas 13-4; Lobato, “Mapping” 25; Lobato and Ryan 188-9). Following the premise that film is both a cultural good and economic commodity (Higson 49; Moran, “Terms” 1; Nowell-Smith 9) and grounding this on the concept of cultural economy, film distribution can be described as performing two functions: first, as a cultural intermediary; and second, as a business driver.

The idea of cultural intermediary was first introduced by Pierre Bourdieu in his seminal work *Distinction* (Hesmondhalgh, “Bourdieu” 226; O’Connor, “Intermediaries” 3; Smith Maguire and Matthews, “Are We All” 551, “Cultural” 406). Specifically, Bourdieu is referring to the “new cultural intermediaries (the most typical of whom are the producers of cultural programmes on TV and radio or the critics of ‘quality’ newspapers and magazines and all the writer-journalists and journalist-writers)” (325). However, this oft-quoted passage is usually conflated with Bourdieu’s discussion of the emergence of the “new petite bourgeoisie” (354) in post-1968 France (O’Connor, “Intermediaries” 3) when mass media was just emerging (Lee 133; O’Brien et al 4; Perry et al 727). It is

important to note therefore that Bourdieu's account of cultural intermediaries was set in a specific time and place under certain cultural and economic parameters (Smith Maguire 17). That time, the "new petite bourgeoisie" pertained to a "new social class" (Hesmondhalgh, "Bourdieu" 226) with "occupations involving presentation and representation (sales, marketing, advertising, public relations, fashion, decoration and so forth) and in all the institutions providing symbolic goods and services" (Bourdieu 359) to which these "new cultural intermediaries" are part of (Nixon and du Gay 496; O'Connor, "Intermediaries" 3; Smith Maguire and Matthews, "Cultural" 406).

Hesmondhalgh attributes the beginning of the confusion of the concepts to Mike Featherstone in his book *Consumer Culture and Postmodernism* (1991), where he "equates the new petite bourgeoisie with... the (new) cultural intermediaries." Hesmondhalgh continues that other scholars like Keith Negus and Sean Nixon seem to have "inherited" the same confusion ("Bourdieu" 226; "Cultural Industries 2nd" 66; O'Brien et al 4-5). However, Hesmondhalgh asserts that he is not being pedantic about the misreading or misinterpretation of these terms. Rather, he appreciates that these scholars "are making useful efforts to make connections between changes in cultural production and consumption and more general sociocultural changes" ("Cultural Industries 2nd" 67).

Since then, the concept of cultural intermediary has grown larger in scope and evolved to become a more general or catchall phrase (de Propis and Mwaura 10; N. Meissner 455; Nixon and du Gay 496; O'Connor, "Intermediaries" 4; Smith Maguire and Matthews, "Cultural" 407; Wright 109) that covers almost anyone engaged in cultural work (O'Brien et al 1; Perry et al 727) to the point that everyone is now a cultural intermediary (Smith Maguire and Matthews, "Are We All" 552). The phrase has become

an all-encompassing referent to “workers who come *in-between* creative artists and consumers” (Negus 503, emphasis in original), or more generally, as a ““go-between”” (Cubitt 195; O’Brien et al 5), or mediator between producers and consumers (Hesmondhalgh, “Bourdieu” 226; Gonring and Crisp 13; Smith Maguire and Matthews, “Cultural” 408).

Whether or not some scholars have misunderstood the concept of cultural intermediaries, this development appears to be an appropriation (or a reappropriation) of Bourdieu’s original idea (Perry et al 726-7). It has led to what O’Brien et al refer to as a post-Bourdiesian application of the phrase (1). As the usage has grown over time, Smith Maguire suggests a “conceptual approach that defines cultural intermediaries by what they do” (17) and “why they matter” (Smith Maguire and Matthews, “Are We All” 554). As such, this thesis adopts the (broader) post-Bourdiesian definition of cultural intermediaries, as it examines the intermediary space of film distribution and the role of distributors as “market actors involved in the qualification of goods,” mediating not just between production and consumption (Smith Maguire and Matthews, “Are We All” 551) but also “working at the intersection of culture and economy” (Matthews and Smith Maguire 1).

In the context of filmmaking, the intermediary role of a film distributor (or a distribution firm) (Crisp 17; Iordanova, “Digital” 3; N. Meissner 455) is seen as the link in delivering the film from the producer to the exhibitor (Bosma 35; Crisp 16-7) down to the audience for consumption (Lobato, “Shadow” 10-11). As distribution is the process of transporting content (or culture) from one group to another, intermediation happens through the distributor’s provision of logistical support for circulating the film (Simon et al 97). In the delivery process, the film distributor assigns an economic value to this

service and collects a revenue share in the box office. Thus, financial intermediation takes place (Simon et al 97). As O'Brien et al note, by providing “the means by which market value is created” from the delivery of a cultural activity (i.e. film screening), distributors are “essentially intermediaries between a cultural artefact and this market—the means by which cultural products can be sold” (6). Through this process, distributors then become “market actors who construct value” (Matthews and Smith Maguire 2)—both cultural and economic. However, it is more on the “economic value-making: adding monetary value, acting as a bridge, bringing goods to market” that the critique of cultural intermediaries is centred on. Instead of actually bridging the gap between production and consumption, these intermediaries are “reinforcing and reproducing existing views of professionalised culture and cultural hierarchies” (Perry et al 728), and thereby increasing the gap between producers and consumers (727). This is also why cultural intermediaries like distributors are “sometimes seen as a necessary evil” (Lobato, “Six Faces” 28). They need to exist for filmmaking to thrive (Levison 105) even if they tend to prioritise “economic over social or cultural values” (Perry et al 727). From here, they begin to “shape both use values and exchange values” (Negus 504) and participate in the construction of market (Perry et al 727) and audience (Cubitt 205).

It is this ability to construct values and market that makes distribution a “key site of power” (Gomery, “Hollywood as Industry” 245; Greater London Council 103) and profit (Bordwell and Thompson 34; Cubitt 194; Garnham, “Capitalism” 162) in the cultural and creative industries, and makes distributors the most powerful intermediary (Armes 37; Levinson 106; S. Murray, “Cultivating” 160). This power is manifested in the distributor’s role as tastemaker and gatekeeper (Crisp 1, 3, 14; Lobato and Ryan 192; UNCTAD 166). As tastemakers, intermediaries define what constitutes as “good taste

and cool culture” in the marketplace (Matthews and Smith Maguire 1), which are usually based on the dominant group’s definition of good taste (Smith Maguire 16). In this sense, intermediaries are “involved in the framing of goods (products, services, ideas, behaviours)” (Smith Maguire and Matthews, “Are We All” 554) as to what is “legitimate, desirable and worthy” (552). In the case of film distribution, it frames how film “texts are experienced and understood by audiences” (Lobato, “Shadow” 15). As Lobato asserts, “distribution frames reception” (“Theorizing” 115). Distributors set up the agenda and create this mindset “for consumers to identify their tastes” in the goods they are legitimating (Smith Maguire 20). Since distributors control the marketing of films (Crisp 17), they have the power to influence and shape audience “perceptions, beliefs, associations and use of the respective cultural products” (de Propis and Mwaura 17-8), as well as “frame the perceived meaning of texts and the way we incorporate them into our symbolic lives” (Lobato, “Shadow” 17-8). Hence, they are not *just* tastemakers but *professional* tastemakers and become credible experts of legitimation (Smith Maguire and Matthews, “Are We All” 556-8).

Building audiences is especially a crucial bottleneck in the film industry because “it depends almost completely on how well the cultural and aesthetic preferences of the consumer are anticipated, nurtured and channelled” (Aksoy and Robins 13). Hence, by limiting the choices of and for the audience, distributors can slowly build an audience and shape its “textual experience” from what is made available (Gonring and Crisp 5). Therefore, any film (product) that is out in the market becomes the taste of the general public, and thereby creating the market, as there are no other readily accessible choices. In the process, either the audiences gradually change their preferences and perceptions and are drawn to develop a taste for these available choices, or they totally go against

them and look for alternatives, which is an unlikely behavioural change. Since the market is already created, “the product is not simply brought to the market;” rather, “the market is brought to the product” (Lury 185). In this case, it is bringing the audience to the film.

As such, any film that gets released to the market is deemed as a “good” film following the premise that distributors have a sense of “good taste,” and therefore the films they distribute *should* be a good film and what people *should* watch. However, this is not really the case. The distributor’s decision as to what film gets distributed (and not) is not entirely based on what they deem as “good taste” or “good culture” but also on how much economic value they can get from the film and not necessarily from the cultural or social values. Hence, this overshadows the component of being the authority of “good taste” that intermediaries may have. This does not go unwarranted, as distribution is “central to the film business” (Wasko, “Hollywood Works” 59), and it is a very big business. As Garnham asserts, “If we want to examine ‘the real relations’ of the movie business... it is upon distribution that it is necessary to focus” (“Capitalism” 183). This is especially noted in the context of big studios and distribution outfits whose ultimate goal is to make profit (Gomery, “Hollywood Studio System” 1; Scott, “New Map” 969; Wasko, “Hollywood Works” 59). As business entities that have invested a lot of money for film production, their concern is about increasing economic efficiency (Blackstone and Bowman 38)—that is to maximise revenues (Garnham, “Capitalism” 200) and minimise overhead costs or risks (Ulin 13). This means exploiting the film’s intellectual property (Aft and Renault 117; Curtin et al 2; Gonring and Crisp 5; Iordanova, “Digital” 5; Kerrigan 154, 156; Thompson 5-6; Ulin 5) by maximising its exposure (Verhoeven 244) or targeting the widest audience possible (Aksoy and Robins 12-3;

Knight and Thomas 263; Moul and Shugan 80; S. Murray, “Cultivating” 161-2).

Distributors are regarded as experts—that is in looking at which film will make it big at the box office. Solar Pictures managing director Butch Ibañez confirms that the company’s foremost consideration in signing a distribution deal is commercial viability. However, this is usually “rooted in subjective judgment” (Ulin 2) based on the decision maker’s perception and own biases, which is ultimately inevitable. The decision reflects the distributor’s personal “(good) taste,” which extends to his/her profession. While it is important to maintain a balance between personal taste and professional judgment (Smith and Maguire), the line that divides them usually gets blurred (Negus 503). Even if most studios and distribution outfits also research and base their decisions on historical box office patterns, most decisions are still based on gut feel (Cubitt 197; Bartolome; del Rosario; Dinopol; Du; Gonzales; Ibañez; Nebrida). Sometimes it is this “sixth sense” (Levison 106) or the decision maker’s experience (Advincula) that spells the difference for a film. However, more than the distributors’ taste-making power, it is really their gatekeeping function that is more evident. The “commercial viability” criterion pushes the filmmaking value chain to somewhat rearrange itself, such that distribution, including marketing (Grainge 10), is no longer an afterthought when the film is done (Drake, “Distribution” 69). It “actually precedes production, with the desires of distributors built into the project before it has been scripted” (Lobato and Ryan 193).

As film distribution now becomes part of the pre-production stage, distributors also become “intimately involved in the financing of the film” (Levison 106; also Garnham, “Capitalism” 199; Parks 3; Towse 454). Hence, their gatekeeping function begins even before a film is born and continues until after the film is made. Distributors now work together with producers or financiers in terms of green-lighting a project—

assuring them that the film will earn once approved for production. The primary consideration of financing producers is of course the return on investment (del Rosario). When people from the distribution group read and evaluate film scripts for production, they go through it and look for the elements of marketability (R. Monteverde), “positioning and playability” to gauge its “commercial potential” (Miller et al, “Global Hollywood” 152, “Global Hollywood 2” 268).

In the case of Star Cinema, its international and local distribution head Rico Gonzales is part of a 12- to 20-member core group that is mostly comprised of managers and other key decision makers for approving a film production. The group is given the storyline, sequence treatment, and script; and each member shares his/her assessment in terms of the film’s narrative and its distribution potential. The distributor now becomes part of the planning committee, and his/her power now extends to cover and control practically all stages of film production (King, “Indie 2.0” 120; S. Murray, “Cultivating” 162). The distributor is there every step of the way. As key decision makers with the objective of attaining commercial success for any film produced, distributors can make recommendations and give suggestions to the creative team (R. Monteverde). These can range from approving the film’s budget (Litwak 63; Wasko, “Hollywood works” 84) to “script changes, casting decisions, final edits, and marketing strategies” (Levison 106), up to the film’s “exhibition, consumption and preservation” (Gonring and Crisp 5, 17-8).

Another example that illustrates distribution as part of the pre-production process is when independent film producer Albert Almendralejo did his second film, *Tumbang Preso* (In the Can, 2014). After learning from his mistake in producing and distributing his first film, he asserts that one should reverse the filmmaking process by finding the

market first and then deciding the distribution network for it (“Interview”). Again, this supports what Lury claims about bringing the market to the product (85). For those who have worked in the film industry for a long time like veteran director Jose Javier Reyes, getting involved as a producer is not as difficult for him since he already knows the ins and outs of the industry. When he set up Larga Vista Entertainment to produce the films he wants, he already knows his distribution plan. His strategy is to presell the film rights such that when the film is made, it just goes to the producers who financed them. He gets his fees or revenue from the sales and lets the producers *exploit* the film. The idea of securing distribution deals before film production is becoming a common method of raising funds as well (Coe and Johns 192; Bernal).

Since distribution is a “specialist, strategic exercise” (Cubitt 200), another way of approaching it is through joint ventures, strategic partnerships (Coe and Johns 191; Cubitt 200), or vertical integration, which are becoming a global trend in the film industry (Kerrigan 79; Kerrigan and Özbilgin 201). In the case of Reality Entertainment, chief creative officer Erik Matti and president Dondon Monteverde collaborate with individuals or companies that can complement their strengths so that “synergy happens.” They also observe that this is becoming a more common strategic direction where big studios like Viva Communications and Star Cinema co-produce films and are successful in their ventures. In a way, such co-productions are considered as collusion since technically, two (or more) competing major studios join forces to produce a film with the same objective of profit maximisation (Gomery, “Economic and Institutional 34; Ulin 11, 13). Another approach is forming a vertically integrated company (Hesmondhalgh, “Cultural Industries 3rd” 33, 200), that is to have its own distribution infrastructure or in-house distribution system, which only giants like Star Cinema can do.

Vertical integration is a strategy that allows the studio to maintain market dominance (Silver and Alpert 58) and control all aspects of filmmaking from conception to distribution (Finney and Triana 7), including merchandising and other mass-media enterprises like theme parks, recorded music, publishing among others (Gomery, “Corporate” 53). It aims to hold as much of the film value chain processes within an organisation (261; Finney, “International” 225). As such, a vertically integrated company can circulate its films to exhibitors and “reinvest a proportion of profits back into production” (Doyle, “International” 182).

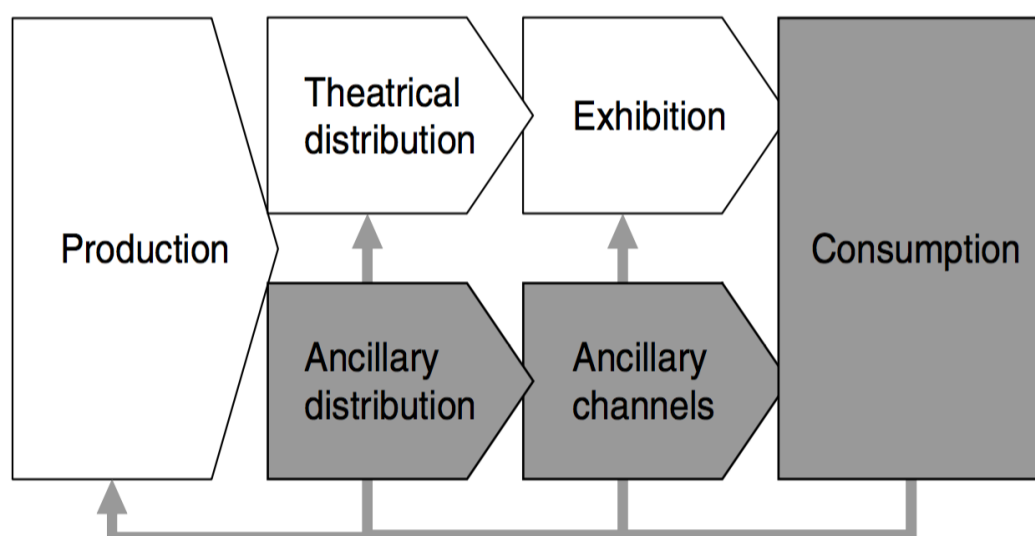
As distribution becomes “the key strategic source of control over the industry” (King, “New Hollywood” 60), the power and influence that distributors wield (Crisp 2, 6, 18) cannot be overlooked. They ultimately determine which films get circulated (and not) to the public (Finney, “Value” 9; Knight, “Archiving” 66; Lobato, “Shadow” 16; Lobato and Ryan 192), who gets to see which films, when, where, under what circumstances (Lobato, “Shadow” 17, “Theorizing” 113), including how the film is marketed (Wasko, “Hollywood Works” 86). Hence, distributors are able to shape public culture by releasing or withholding films and identify “which films win and lose in this game of cultural consumption,” (Lobato, “Shadow” 2). By virtue of the distribution contract, distributors hold the power to dictate terms and conditions (Crisp 24; Levison 106), which reveal “how money flows, as well as power relations within the industry” (Wasko, “Hollywood Works” 86). The names of distributors or distribution companies rarely appear on trailers or advertisements but if they do, the movie-going public usually ignores this information (Knight and Thomas 13) even if “they exert a powerful influence on the films that audiences actually get to see” (Crisp 23). Therefore to a certain extent, distributors are both invisible and invincible. As a whole, distribution is about “the

regulation, provision and denial of audiovisual content—it is about cultural power and cultural control” (Lobato, “Politics” 169), as well as economic control. Hence, as all these elements of culture, power, and economics interlock (Cubitt 194), distribution is not just a discourse of cultural politics and political economy (Lobato, “Shadow” 15) but also of cultural economy.

4.2. Exhibition as (another) intermediary space

Considering the objective of profit and audience maximisation described earlier, the first stage of film exploitation almost always refers to and begins with the theatrical release (Finney “International” 225; Finney and Triana 261). This is also known as exhibition in the film value chain. There are different film value chain models such as Finney’s (“Value” 7) and the ones that Bloore has summarised, including his own model as applied to the independent sector (4-8; J. Lyons 199). However, I am using the model of Eliashberg et al (see Figure 8) for two reasons: (1) it provides a simpler and more

Figure 8. The value chain for motion pictures



Source: Eliashberg et al. “The Motion Picture Industry” (639)

general picture of the set of activities in filmmaking, and (2) this chapter is not undertaking a value chain analysis of filmmaking. Hence, there is no need for a detailed breakdown of the film value chain or a thorough survey of its literature.

Based on the film value chain, distribution is not the sole link between production and consumption; it goes hand-in-hand with exhibition. Hence, the film will need to pass through two intermediary gates. After distribution, it needs to reach the exhibition stage, which is the final intermediary space. Exhibition is the intermediary of the distribution intermediary because this is where the linking happens and when the film and the audience (actually) meet. Distribution and exhibition are almost inseparable that it will be difficult to fully understand one without studying the other. Hence, if distribution is an understudied field in film studies, so is exhibition (Gomery, "Shared Pleasures" xviii), if not even more. The relationship between distribution and exhibition is also an unexplored terrain (Eliashberg et al 654). There are very few comprehensive works that explore this area of filmmaking. These include Gomery's *Shared Pleasures* (1992) (xix; Hark 89), Acland's *Screen Traffic* (2003), Hark's *Exhibition: The Film Reader* (2002), and book chapters from Eliashberg, and Moul and Shugan, (which are US-centric), and journal articles such as from Agostini and Saavedra, and Corbett among others. There is a limited amount of literature and rigorous industry research on this topic (Eliashberg 158-9) that gives a richer picture of film exhibition across the globe. While it is possible to study distribution and exhibition separately, it will be more meaningful and provide a clearer, bigger picture of the film industry if the inter/relationship of the whole value chain of production, distribution, and exhibition is analysed.

The previous section claims that the distributor is considered as the most powerful

intermediary. However, the same can be said of the exhibitor who also holds as much power as an intermediary. Lobato and Ryan explain that distribution is not just about the decision of releasing a film or not and that there are secondary variables affecting a film's release such as "how many screens the film plays on, where these screens are located, the length of its season" among others (192). The release factors that they describe actually point to the existence of other intermediaries and gatekeepers such as the exhibitor, retail shop owner, etc. In business jargon, distribution is wholesale, while exhibition is retail (Hark 89; Huettig 7; Wasko, "Hollywood Works" 84), and film is their product. Once the distributor has secured the film/s for distribution, the next step is to decide on a release pattern (Agostini and Saavedra 252; de Vany 12), which is the "where, how and in what order" the film is released (Stott 6), "arranging for play dates and delivery" (Huettig 7), or simply "booking" the film for exhibition (Matilac and David 112; Sazon, "Film" 113).

Aside from appearing to be a more powerful intermediary, what makes exhibition a bigger and more profitable enterprise than distribution, if not the most profitable (Kerrigan 59), is that it is running three different businesses at the same time, namely, movie exhibition, advertising, and concession (Epstein 195-6). First, when we speak of exhibition, we speak of cinema or the big theatre where one goes to see a movie. However, it is not just about watching the film per se, it is about seeing it on the big screen. Hence, the phrase 'film screening.' It is about the idea of grandeur, something "larger than life"—the spectacle of it all. Exhibition is also considered as the most visible part of a film's commercial life (Moul and Shugan 80) because it is the actual presentation of the film to a public (Matilac and David 112; Sazon, "Film" 116) that goes to movie theatres and pays an admission price (Bordwell and Thompson 38; Finney

“International” 218; Finney and Triana 254; Garnham, “Capitalism” 183-5). As cinema is considered a social activity (Atkinson 1; Corbett 19; Turner, “Social” 3), exhibitors are not simply selling a movie ticket. They are in the business of moving people (Epstein 196). They are selling a social “event” (Bernal; Hark 7; Hoppenstand 224)—that unique movie-going experience (Himpele 366; R. Monteverde; Snelson and Jancovich 199) of going out with others as a “big amusement proposition” (Turner, “Social” 1).

Second, exhibitors sell ad space and (air) time on their screens that run before the movie plays. Lastly, the concession business gives exhibitors their principal profit (Edgerton 158; Epstein 196; Hall, “Distribution” 207) because all proceeds from the sale of popcorn, refreshments and other snacks only go to them (Eliashberg 147; Eliashberg et al 655; Wasko, “Hollywood Works” 112). Moreover, popcorn is a high-margin product that yields more than 90% of profit margin. If the movie creates a long queue and makes people past the popcorn stand, then it just means more money for exhibitors. Hence, Epstein calls this the “popcorn economy” (195-7), which has transformed the exhibition business over the past decades (Gomery, “Shared Pleasures” 79-80). All these are part of the chain store retailing strategy (Gomery, “Film Exhibition” 219, 227; Hark 15; Paul 81) that makes exhibition achieve its audience- and profit-maximising objective (Gomery, “Shared Pleasures” 3). This is where the tension between the distributor and exhibitor usually arises. Exhibitors would normally want lower ticket price because this will increase attendance, as well as their sales of popcorn and refreshments, whereas distributors would like a higher ticket price because it means a higher revenue share (Eliashberg 147; Eliashberg et al 655; Towse 455). On the other hand, production groups, especially studios, are aware of the popcorn economy (Epstein 202) that there is a

“deliberate effort to just do popcorn movies” (del Rosario) so they will have bigger returns as well.

The distributor’s source of power lies in the film being distributed while the exhibitor’s source of power is its exhibition space. However, the distributor needs a venue and the exhibitor needs a film (Acland 86). They need each other to survive and achieve the same objective of getting an audience and earning profit. However, both are “suspicious of the control the other possesses” (Donahue 103). The distributor fears that it will not be able to book quality theatres or get enough screens to guarantee the production group, while the exhibitor fears that it will not be able to secure “quality” or commercially viable films for its venues. Hence, distributors and exhibitors have tried to dominate each other over time (103). While the distributor controls the flow or circulation of films across time and space, the exhibitor controls the allocation of screens per film, the particular theatre it plays on, and how long the film runs in the theatre (Moul and Shugan 129). This makes exhibition appear to be more powerful than distribution because it seems to have the final say in releasing films to the public. Then again, both distributors and exhibitors rely on having blockbuster hits or crowd-puller films (Acland 87), without which they cannot exercise their respective powers. Hence, the relationship among the three areas of film production, distribution, and exhibition is interdependent (Francisco et al, “Economic” 48) but also adversarial (Hark 89).

It is possible to have a vertically integrated company that controls two or all three aspects of the film value chain. In general however, each stage of the filmmaking process is represented by a different entity. Hence most of the time, these result in a power play and power struggle among the producer, distributor, and exhibitor. Arnes illustrates the situation: “The producer is forced to cede rights in his film to the

distributor, since he needs a distribution guarantee to raise the risk capital. The distributor does not however, need to yield these rights in turn to the exhibitor, since the latter needs only a regular flow of assorted films on short-term hire” (37). The common goal is for the film to reach a wide audience. This means that the film needs to be allotted a lot of screens to make it more accessible and give people more opportunity to purchase tickets that translates into box-office receipts. The production side wants to have as many guaranteed screens as possible for its film. The distribution team assesses the film and makes a business judgment whether it is worth distributing or not and then forecasts how many screens it can negotiate with exhibitors (Eliashberg 146; Miller, Schiwy and Salván 201). Bookers and exhibitors also evaluate the film based on how extensive the film promotion is (among other factors) and then decide whether to book the film or not, determine the number of screens to be allotted, and how long it plays in theatres (Eliashberg 138). Technically, the film competes for the number of screens (de Vany 15), which is the currency of film distribution and exhibition and what ultimately determines the revenues that the three players will share.

Undoubtedly, the film industry is a big entertainment business (Lewis 87). What sustains it is the fact that it is big in nature. It is capital intensive to begin with, so it will be a challenge to start small. Hence, one usually starts big to create a strong impact and gain a stronghold of the market, and only few have the capacity and resources to start out this way (Castonguay 76). Everything has to be kept big in scale to maintain the status quo. While the film industry works differently around the globe especially for countries whose cinema is state-sponsored or state-controlled, much can be said about the oligopolistic nature of the industry that follows a Hollywood-style operations in most parts of the world. For instance, there is the producer-distributor oligopoly that has the

market power to sell to an exhibitor oligopoly that also possesses market power (Blackstone and Bowman 39; Bordwell xii; Wyatt, “High” 66). While oligopoly is present in all segments of production, distribution, and exhibition, some scholars note that oligopoly, sometimes even monopoly (Lent, “Asian” 163), is most evident in distribution (Crisp 3; Knight and Thomas 15; Miller et al, “Global Hollywood” 148, 168; “Global Hollywood 2” 265-7, 294; Scott, “New Map” 970). This is because it is rooted in the “internal economies of scale that are inherent to distribution activities” especially for the majors where “they assume the form of extensive networks with strong central management and widely diffused regional offices” (Scott, “On Hollywood” 57, “World” 35).

This system can be traced to how the Hollywood film industry was established when the Motion Picture Patents Company or the Trust was formed (Bowser 29; Hillier xiv) to act as a cartel in controlling the film industry (Belton 69; Izod 17; Hall, “History” 3; Schatz and Perren 497; Tzioumakis, “An Introduction” 21). As an enterprise, the Trust has introduced an interlocking system in terms of the manufacture of motion pictures and projecting equipment, access to and production of raw film stock, film distribution and exhibition, and regulation and licensing of exhibitors (Izod 17; Balio, “Struggles” 104). While there have been many protests and cases against the Trust, the system that it introduced has paved the way for the expansion and standardisation of the production, distribution and exhibition of movies (R. Anderson 152)—a system that the industry has been using across the globe until now (Izod 25).

4.2.1. Pre-mall era and standalone theatres (before 1985)

The Philippine film industry has inherited the same oligopolistic practices from Hollywood, only some decades later. It started in the US when the public clamoured for

censorship because several films were allegedly showing scandalous content. This led to the establishment of the Motion Picture Producers and Distributors of America (MPPDA) in 1922 (Balio, "Mature" 268), which later became the Motion Picture Association of America (MPAA) in 1945 (Guback 471; Inglis 385). It started as an "industry mouthpiece and lobbying organization" (Scott, "World" 56) but eventually became an exclusive cartel (Scott, "New Map" 961) that promoted and served its interests worldwide ("World" 34) in order "to maintain conditions for maximizing profits abroad" (Gomery, "Rise" 48). On the other hand, the Motion Picture Theater Owners of America (MPTOA) was established earlier in 1920 to represent the exhibitors. The indie players are unhappy with MPTOA's monopolistic control and soon organised themselves together to form the Allied States Association of Motion Picture Exhibitors (ASAMPE) in 1929 (Horowitz 77-8; Schatz, "Boom" 18). It was not until 1 January 1966 when the two organisations settled their differences and eventually merged to form the National Association of Theater Owners (NATO) (Overpeck 118-9).

The Philippines has several counterparts of the MPPDA/ MPAA and MPTOA/ ASAMPE/ NATO but they were only formed in the early 50s (Pareja and Dormiendo, "Organizations" 120). In an interview with seasoned marketing communications practitioner Eduardo Sazon who has been actively involved in the distribution and exhibition of films, he explains that these Philippine counterparts are divided into two sectoral representations: (1) the producers and distributors, and (2) the exhibitors, where each sector has two groups. They cannot exist together under one umbrella organisation primarily because there are conflicts of interest. For example, the producers/ distributors want to get bigger terms for their products, while the exhibitors also want to have better terms in exhibiting films. Hence, there are different organised

groups that promote the interests of their respective sectors. They are all membership-based trade associations and non-profit in nature. They exist as protectionist institutions with the objective of keeping their sector and the whole industry economically viable, as well as professionalising their (business) practices. While each group has its own interest to serve, they join forces as one industry when dealing with the government.

A. Producer/Distributor Groups

The first association was established in the early 1950s when the Big Four studios—Sampaguita, LVN, Premiere, Lebran—organised themselves and formed the Philippine Movie Producers Association (PMPA). To become a member, one has to own and maintain a studio. This reinforces the power and domination of the Big Four because smaller producers who only lease studio facilities and equipment are immediately excluded from the membership. Things changed when importation rules on raw stock and film equipment were lifted in the 1960s. This created an open market allowing anyone to buy film supplies from across the globe. Since then, PMPA revised its membership guidelines and welcomed independent film producers (Pareja and Dormiendo, “Organizations” 120), who were basically everybody else other than the Big Four. The indie producers soon grew in numbers that in 1963 (Tumbocon and Pareja 292), PMPA changed its name to the **Philippine Motion Picture Producers Association** (PMPPA), accommodating over forty members (Pareja 124).

PMPPA's first action was to lobby for a suspension of taxes imposed on imported raw film stocks. Also at that time, only two theatres were showing exclusively Filipino films, two others occasionally, while all other theatres were playing foreign films (Tumbocon and Pareja 292). The state of national cinema was then described as moribund or dying (Hawkins 129-30). In advancing its interests to produce and screen

more Filipino films, PMPPA partnered with then Manila Mayor Antonio Villegas and held the first Manila Film Festival in time with the celebration of Manila Day on 24 June 1966. The festival only played Filipino films for 10 days. Three years later, PMPPA, through then Senator Jose Diokno, lobbied for a graduated import quota on foreign films, a 30% annual playing time allotment for Filipino films (Tumbocon and Pareja 292), and incentives provision to encourage more local production. Diokno's Senate Bill 1062 however did not pass the pro-American Congress (Hawkins 134) but PMPPA won over the local theatre distributors in securing a 49-day annual quota for local films (Tumbocon and Pareja 292).

The "Diokno Movie Bill" (as it was also called) threatened foreign film importers and small independent distributors to be out of business. In a fight for survival, they quickly organised themselves and formed the Integrated Movie Producers, Importers, and Distributors Association of the Philippines (IMPIDAP) in 1969, later renamed as the **Movie Producers, Distributors Association of the Philippines (MPDAP)** ("MPDAP"). The association is mainly comprised of theatre owners and movie importers. They basically act as traders and distribute foreign films in the country, whereas PMPPA members are concentrated on local production. However, two of IMPIDAP's more prominent members were active local producers that time: Seiko Films and Regal Films. Starting with over 70 members, they attend film festivals and film markets around the world (Pareja and Dormiendo, "Organizations" 120). They go to Cannes, Milan, American Film Market, etc. to buy and import films that are not released or distributed by the major US studios (Sazon, "Interview").

B. Exhibitor Groups

It was also in the 1950s when the first association for theatre owners and operators was established. It was initially called the Manila Theaters Association and headed by Marcos Roces, Sr. It changed its name later to **Greater Manila Theaters Association** (GMTA) towards the 1970s (Pareja and Dormiendo, “Organizations” 121). It also became known as the Roces-Rufino-Yang group (see Table 5) but more popularly as the Yang circuit (Sazon, “Film” 115). Another group was formed since then and was called the **Metro Manila Theaters Association** (MMTA). It was initially known as the Tama-Monteverde group (Pareja and Dormiendo, “Organizations” 121) until other

Table 5: Greater Manila Theaters Association (Roces-Rufino-Yang circuit)

Owner	Theatres	Suppliers
Marquitos Roces	Cine Ideal	MGM
Rufino Bros.	Ever Avenue State Cubao counterpart: Quezon Satellite theatres in Escolta: Capitol, Lyric	20 th Century Fox Warner Bros. Walt Disney
Henry/ Bobby Yang	Odeon, Roxan, Roben Cubao counterpart: Remar, Diamond, Coronet Satellite theatres: Maxim, Miramar	United Artists Paramount
Others	Act, Luneta, Delta, Circle, Makati Cinema Square, Quad	

Sources: Sazon, “Interview”; Pareja and Dormiendo, “Organizations”; Matilac and David

players like Dulalia ang Go-tong came in (see Table 6). It is more commonly known as the Tama circuit (Sazon, “Film” 115).

Table 6: Metro Manila Theaters Association (Dulalia-Go-tong-Tama circuit)

Owner	Theatres	Suppliers
Ng Meng Tam	Gotesco	Columbia
Dr. Hwang Yulo	Universal Theater	Universal Pictures
Monteverde	Podmon, Jennet, Lords	
Araneta	Ali Mall, New Frontier, Nation	
Others	Galaxy, Capri, Dilson, Dynasty, New Love, Ocean, Sampaguita, Virra Mall, Greenbelt Cinema	

Sources: Sazon, “Interview”; Pareja and Dormiendo, “Organizations”; Matilac and David

GMTA and MMTA only have members based in Manila and exclude exhibitors from other areas or regions. Hence, a third association called **Kapisanan ng mga Sinehan sa Pilipinas** (KASIPIIL) (Movie Theatre Guild of the Philippines) was born. It covers all theatre operators in the country, including those that belong to the Motion Pictures Export Association of America such as Paramount, Warner Bros., MGM, Universal, 20th Century Fox, United Artists, etc. (Pareja and Dormiendo, “Organizations” 121).

However, there are still theatre owners/ operators who remain **independent** or not affiliated with any of the associations. Some of these include Hollywood Theatre, Cinerama, and Alta Theatre in Cubao. Sazon explains that independent theatres operate on a “hold-over” engagement—meaning if a certain film is playing on either the GMTA or MMTA circuit, it could also be played in the independent theatre or given a later play date (Sazon, “Interview”). This system does not guarantee a time frame of film screening

to the exhibitor. The film only continues to play in the independent theatre as long as it reaches and maintains the “hold-over figure” or the minimum daily gross box office receipts equivalent to a breakeven point. Once the daily gross falls below this, the film is automatically withdrawn from the theatre (Matilac and David 113).

During the early years of film exhibition in the Philippines, movie houses were stand-alone theatres or elegant “film palaces” (Matilac and David 113) characterised by their glamorous lighting design (Corbett 22), elaborate styling (Halsey, Stuart & Co. 208), and splendid architecture like a “high-class fantasyland” (Gomery, “Rise” 49). As Snelson and Jancovich also note, “the opulence of the theatre and the attentive staff” address the aspirational fantasies of the audience (199). The entertainment begins with the building that is an attraction in itself (Gomery, “Shared Pleasures” 47). These movie palaces are generally located in Metro Manila and are referred to as first-run cinemas, where films are played for the first time and usually run for a week (E. Reyes iii). After this defined time interval (Stott 6; Ulin 31-2; Verhoeven 243; Wyatt, “High” 81), the film goes to second-run theatres, which are not as grand as the movie palaces, and where the film is usually paired with another movie as a double feature. After this, the film finally goes to have its provincial screenings where the film is shown to the rest of the country (Matilac and David 113). This is the hierarchy of exhibition houses before the upsurge of malls and the theatrical release patterns before the advent of video and digital technology. Film reels are also shuttled between nearby (first-run) theatres through the “lagare” (literally, sawing) system. This practice allows one print copy of a film to be screened simultaneously by having the “lagarista” (film biker) shuttle the reels among various movie houses, thereby cutting the producers’ printing costs of supplying every theatre with a copy of the film (112).

As film exhibition begins and is actively centralised in Manila, the power that GMTA and MMTA possess is reinforced. Hence, it is beneficial for producers to belong to a particular circuit since they practically control all the houses (Garcia and Masigan 28). They have also been accused of being a theatre cartel (Almendralejo, “Corporate” 17) but in their defence, they claim that they only provide a better and more convenient way of organizing and booking films since a producer just goes to either of the circuits and they schedule the film in their respective theatres (Maragay 5; Sazon, “Interview”). However, one cannot be a part of both circuits (Advincula; Sazon, “Interview”) because the “good” and “bad” theatres are distributed between the two circuits such that no producer can select to screen a film only in the “good” houses of both circuits (“Film” 115).

Also, GMTA and MMTA have set up a system that enable them to assert control and dominance of the market. This is the “block booking” system (Almendralejo, “Corporate” 17) or the selling of motion pictures as a single unit or block (Finney, “International” 251; Hanssen 395). It is the wholesaling of motion pictures where producers can reduce direct-selling costs (Huettig 117) and provide exhibitors “an assured and steady supply” of films (Hanssen 399). However, it is an “all-or-nothing” deal (Huettig 116; Lobato, “Mapping” 53). Exhibitors cannot choose and are required to take the full set of films that a studio offers (Matilac and David 112). It is beneficial to the producers in a way because it guarantees the screening of all their films regardless of their quality. Hence, this practice is also known as “blind buying” or “the leasing of films sight unseen, usually in advance of their actual production” (Huettig 120). This practice of exclusivity has been unsuccessful because it puts exhibitors, especially the independent ones (123), at a disadvantage. Soon enough, GMTA and MMTA have

become open to “crossover booking” (Leosala) or the “sharing” of each other’s sure-hit films when bigger theatres asserted their right to choose the films they wanted to exhibit (Almendralejo, “Corporate” 17).

It also has to be noted that PMPPA and MPDAP do not directly deal with GMTA and MMTA nor can the PMPPA or MPDAP members go directly to the theatres. The individual producers / distributors still have to go to either GMTA or MMTA for the booking of the films (Advincula). PMPPA and MPDAP exist to represent its members and ensure that their interests are promoted and concerns are addressed. These exhibitor associations however create another layer of intermediation. While they represent the exhibitors, they also (still) act as middlemen. Hence, GMTA and MMTA appear to be more powerful because everyone goes through them in order for a film to get a wide theatrical release, when that should be the function of a distributor. The role of GMTA and MMTA becomes shady then, as they become a distributor (in another form) and an exhibitor at the same time.

The whole film production, distribution and exhibition system in the Philippines is rather complex to understand because they seem to be united as sectors by having these associations but they are also divided by the very organisations they establish as separatist factions. A new group is always established as a reaction to being excluded by another, which means that they are all self-serving organisations that are formed to assert power and exert control over the industry. It is meant to establish and strengthen oligopolistic practices and does not necessarily represent a unified voice of the industry. Having too many representations through these organisations creates more confusion than unification, as they tend to be redundant and may have overlapping functions. For example, MPDAP has theatre owners as its members. Are they also part of either GMTA

or MMTA? Or why cannot GMTA and MMTA dissolve their associations and just unite under the house of KASIPIL? These concerns however are not unique to the film industry. This has also always been the case with other industry associations in the Philippines.

4.2.2. The rise of the mall and age of multiplexes (1985-present)

In November 1985, the birth of the Philippines' first shopping mall SM City North EDSA ("History") gradually changed the Philippine film distribution and exhibition landscape. It was also the arrival of mall cinemas where multiple theatre screens are located in one big complex (Sazon, "Interview;" Corbett 26). It was the dawning of the age of multiplexes that transformed theatres (Corbett 26) into entertainment centres (Acland 107). The architectural spectacle of the movie palace was slowly fading as new theatre chains command a new trend in architecture: "only function should dictate building form" (Gomery, "Shared Pleasures" 100). It now bears a stamp of "corporate authorship" (Grainge 10) and "corporate homogeneity" (Hark 137). As Edgerton explains, the evolution from movie palace to multiplex is "a switch in emphasis from consumer dreaming to buying. No longer is the imagination meant to be titillated, as much as the senses soothed" (157). Exhibitors also realise that having multiple screens in one big structure could reduce costs and lure in more crowd than a single-screen cinema could (Bordwell and Thompson 38-9; Edgerton 158; Epstein 198). The rise of the malls and multiplexes has eventually led to the collapse of standalone theatres and crippled GMTA and MMTA.

In an interview with former SM Cinema division manager Alex Laviña, he confirms that SM North EDSA started with only eight houses. It did not immediately grow into the SM Supermalls that it is now but it was growing fast at an average of one mall every two

years. Many others followed suit especially when Philippine cinema peaked again in 1992 (Sotto, "Brief" 54). The Robinsons and Ayalas were building their own malls, as well as the Gaisanos in the provinces. This development threatened the positions of GMTA and MMTA. They could see that "the traffic was shifting towards the malls and that their standalone houses were losing the audience" (Laviña). The malls were drawing more people "because of the convenience and comfort it provides, like spacious guarded parking areas, groceries, retail outlets," (Garcia and Masigan 28), "expanded leisure and entertainment offerings, large screens, plentiful seats, and a model of customer service" (Acland 113). However, even if GMTA and MMTA saw the end of their domination coming, they held on to their power for as long as they could. It was just a matter of time, and before everybody knew it, there were suddenly hundreds of screens featuring different movie choices (Paul 81).

The gradual downfall of GMTA and MMTA is a consequence of not keeping up with the times. The arrival of the mall and multiplexes have inhibited the monopoly of GMTA and MMTA (Garcia and Masigan 28). Laviña explains that their negotiating strength lies in the big houses themselves because they were the only choices that time. Eventually, the malls and multiplexes have changed the game and made GMTA and MMTA the minority players. They have suddenly become irrelevant because they were not building new houses, except for Ng Meng Tam or Tama of MMTA who was able to build Ever Gotesco Grand Central that also had a multiplex in 1988. Since then, what used to be first-run standalone theatres have become second- or third-run cinemas that played double features. Majority of these houses have now been demolished while those that are still standing are either playing adult movies or have become retail stores or Christian Fellowship houses (Laviña). Soon enough, new players in the names of

Robinsons, Ayala, Araneta have also built big malls in various locations where the multiplex is a central component. The Philippines has now become a country with hundreds of malls and “mallng” has become a pastime for many Filipinos (“History”).

While SM had the first multiplex, it was new to running the exhibition business. According to the former cinema booker Salvador “Badi” Leosala of then Ayala Cinemas, SM tapped Makati Theaters, Inc. (MTI), which was running Makati Theaters from 1980 to 1985 in Ayala, to operate its theatres. After which, MTI changed its name to Ayala Theater Management, Inc. (ATMI) and ran the theatre operations of SM from 1986 to 1988. Thereafter, SM and ATMI formed a new company called Theater Consultant, Inc. (TCI) in 1988, which offered theatre operations and booking services and where Leosala became one of the officers. SM was learning the exhibition business fast that when it opened SM Megamall, its third mall and what would soon become the biggest mall in the Philippines in 1991, it enthroned SM to assume power and eventually “overthrow” GMTA and MMTA from the exhibition throne.

According to Laviña, SM owner Henry Sy wanted to change the exhibition business that time. He refused to deal with GMTA or MMTA and pay a percentage of his gross receipts to have films screened in his theatres. The two associations threatened SM that they would not give him any film if he does not agree to their terms. Sy was unfazed and strong-willed and eventually landed a direct deal with Warner Bros. who was also willing to have an exclusive screening with SM. That time, Warner was also representing Walt Disney and United International Pictures, which meant that they were also part of the exclusive deal. The animated film *Beauty and the Beast* (1991) was coming up then, and this alarmed other new players because not having a Disney film played on their screens would mean a big loss. This was what triggered the two circuits to blink and gave in to

Sy's terms. Laviña further recounts that SM tried to stamp its domination in the business by refusing to shuttle and share prints with other cinemas. Knowing how big and how fast SM was growing then, the producers and distributors let SM have what it wanted and let the other small players suffer. Since then, production groups, especially big studios with their in-house distribution or booking team have started dealing with exhibitors directly (Advincula). The new exhibitors have realised that they do not need GMTA and MMTA anymore (Sazon, "Interview"). At the same time, all the "traditional" managers that GMTA and MMTA used to coordinate with were all replaced with new managers who had no sense of how the exhibition business was done before. All they know now are malls that have become a worldwide trend. GMTA and MMTA have eventually lost their clout and power, as they had nothing more to bring on the negotiating table (Laviña).

In 1997, SM must have mastered the exhibition business that it decided to do its own operations and booking service for all its multiplexes across its five existing malls. TCI was then dissolved when Ayala agreed to have its own operations as well. Thinking that half of TCI belonged to Ayala and that Leosala and some of his colleagues were originally from Ayala, they thought that they would be retained but they were left jobless after the dissolution. However, Leosala's boss Danny Antonio told them not to worry as he formed another company to absorb them. In 1998, the Film Advisors and Consultants, Inc. (FACI) was born and operates as a booking service agency. Leosala currently heads FACI and explains that their function as middleman is to negotiate with producers and distributors on behalf of the cinemas that they handle. While producers and distributors can now go directly to exhibitors, the smaller exhibitors still prefer to go through a booking service like FACI and just pay a fixed service fee because FACI absorbs

and troubleshoots all the problems, including disagreements that the smaller exhibitors might encounter from producers or distributors. Moreover, hiring a booking agency is beneficial especially to provincial exhibitors who cannot travel to Manila weekly to attend the central booking committee meeting (Laviña).

In 2000, Ng Meng Tam dissolved his involvement with the Gotesco Group of Companies and founded Cinema 2000, Inc., which his son Marcus Ng manages presently. While he declined to grant an interview, his marketing and operations manager Nika Yulde explains that Cinema 2000 handles management operations and booking services for several independent cinemas in the country. Independent here refers to the smaller exhibitors other than the big three who are SM, Ayala, and Robinsons. In a way, Cinema 2000 and FCI are similar, only the former is much bigger because it is serving a larger number of cinemas and it owns some of these houses (Laviña).

Just when people think that there are already lots of industry organisations, another one called the **National Cinema Association of the Philippines** (NCAP) was formed in 2003 (Du). It is almost similar with KASIPIL, as it covers and represents all theatre owners and operators across the country and the name just seems to be an English translation of KASIPIL. Under NCAP is the booking committee that decides what titles are scheduled in which theatres. One of its general rules for example is not to have more than two similar genres in any given week. However, NCAP is no longer active as an organisation because of the differences and disagreements among theatre groups (Du). It is interesting to note though that while all these organisations are no longer in operation, they have never been out of the picture. For instance, GMTA, MMTA, and NCAP, together with MPDAP and PMPPA, are member associations of the Motion

Picture Anti-Film Piracy Council. Also, MMTA still appears on print ads just to show the affiliation of some theatres but there is actually no significance to it (Sazon).

Sazon confirms that NCAP only exists on paper as a name for government representation. It is in a moribund state and does not really represent the interest of theatres anymore. Since NCAP's existence is rather ambiguous but there is still a need to have a booking committee, an "independent" central booking committee was born. It is independent in the sense that it is technically detached from NCAP and not attached to any particular organisation. This committee acts like an adjunct to NCAP. Robinsons Movieworld operations manager Evylene Advincula affirms that even if the production group and theatres can coordinate with each other directly, the central booking committee is needed to prevent chaos, keep everything organised and controlled, and have a centralised scheduling system. It is important for the committee to regulate the traffic of films to avoid further disputes among producers with "big" films (Sazon, "Interview"), especially in the race for good play dates.

The central booking committee was formed as a consensus among all its members (Advincula) comprising 90% of all the cinemas in the country and major film distributors that include American companies and independent film importers. It was also agreed upon for Dominic Du, who was the former booker of Bobby Yang of GMTA and knows a lot about the industry (Sazon, "Interview"), to head the independent central booking committee. His function is really to coordinate between the production and distribution group and the exhibitors (Laviña). Advincula explains the process. First, the production group sends its list of films and preferred opening dates. Once Du receives this, he consolidates everything and discusses this with the group every Tuesday in time for a new schedule for Wednesday. The meeting is attended by 20 to 25 people (Sazon,

“Interview”) who are key representatives of theatre operations and production groups (Advincula). This setup makes Du (appear) very powerful, as he seems to have a control over the whole exhibition sector. Sazon clarifies this and says that his power has limits because he cannot do anything without the consent of the big producer or distributor. However, he can exercise his influence because he is an executive committee member of the Metro Manila Film Festival and a member of several subcommittees within the festival such as the play date committee. This means that producers would want to be on his “good” side so that when they have an entry in the highly commercial film festival in the country, they will have good screen allocations in the theatres. That is when and how Du becomes “most powerful” (Sazon, “Interview”).

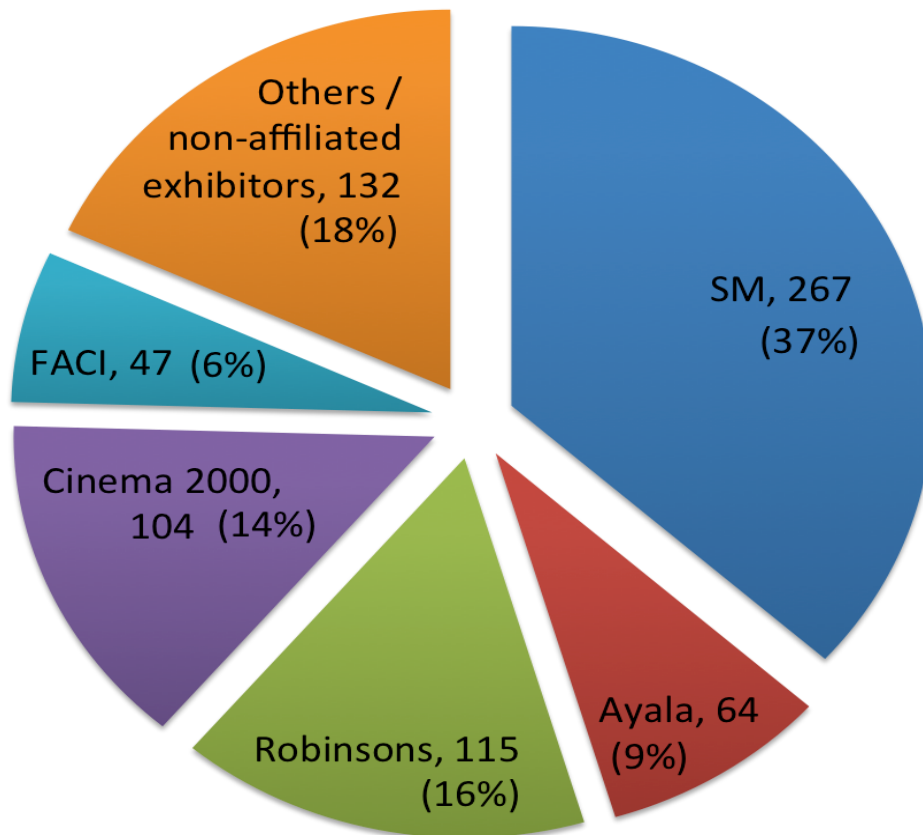
While it is a good thing to have a centralised booking system, Sazon also explains that the absence of theatre circuits like GMTA and MMTA is actually bad for the industry because “nobody makes money” since the exhibition market is parcelled into bigger fractions shared by a lot of players. Sazon further illustrates that if it is a big-hit movie, the major US studios collect 70% of the net profit and only 30% goes to the distributors/exhibitors. If it is a regular movie, the share is 50-50. If it is a “dog” title, an industry jargon that means “mediocre pictures” (Huettig 146-7), then the majors only get 40%. However, it should not be just an issue of whether who makes profit or not. The problem of having too many players sharing the pie has led producers to just produce blockbuster films, oftentimes sacrificing and disregarding quality.

When the power shifted from the producers to the exhibitors, filmmaking has become more business-oriented than ever. While the existence of only two circuits raises an issue of oligopolistic control, it sets a limit on the number of screens that a film can have. This prevents production outfits from monopolising all the screens and thus,

more films are given opportunities to be screened. Producers are also encouraged to focus on the quality of film production to ensure that audience will go and see the movie rather than concentrating on making movies that will sell. With the power shift, the attention to developing quality content has also shifted from making film to making profit. The number of screens available today is way too many (Laviña) that almost all cinemas are playing the same set of movies; or if it is an expected box-office hit, almost all the screens in one multiplex will just show that movie. There are just too many malls that the venues themselves have also begun to ascribe class distinction and target market. Moviegoing has now become a matter of movie house selection rather than the movie itself.

The rule before was that the content or picture is king (Sazon, “Interview;” Ulin 2). However, with the abundance of theatres today, the one who has the movie houses or screens is king. As of 2015, the Philippines has a total of 729 screens (see Figure 9) spread across 159 theatres (Gonzales), where SM owns nearly 40% of all the screens and has more than half of the industry’s market share (Valisno, “SM’s”). Laviña describes this power shift from the production side to the exhibition as a turnaround case of what used to be the tail wagging the dog. In the case of the Philippines now, SM is the dog and everybody else is the tail—to the point that SM can actually refuse products and almost dictate the rules of exhibition. In 2002 for instance, SM imposed a policy of not screening any movie that is classified R-18 (restricted to 18 years old and above) by the country’s Movie and Television Review and Classification Board (MTRCB). SM asserted that it is the Sy Family’s business principle “to offer wholesome and family-oriented entertainment” (Valisno, “SM’s”). By virtue of having the most number of screens in the country, SM has a strong command on how films will actually be produced. Producers

Figure 9. Exhibitor groups and their number of screens



Sources: Advincula; Bartolome; MTRCB

then started producing films that are below the R-18 classification (Laviña) so they could be screened in SM cinemas. A decade later, MTRCB revised its classification rating and introduced the R-16 class. SM's no-R-18 rule still prevailed but allowed the screening of R-16 movies (Sallan, "R-18").

Film distribution and exhibition is a game of numbers. It is about a film getting the most number of screens and having the longest run in theatres so that it yields high box-office receipts. The "old mafia" of GMTA and MMTA may have been out of the picture, but the multiplexes and central booking committee have replaced them. The players are new but it is the same old game of oligopolistic control. Despite the power struggle between distribution and exhibition and even before the power shift from production to

exhibition, producers have always carried the burden of convincing distributors who then convince exhibitors (Hernandez, “Digital” 195) “that they have a good product and that they should be given enough time to have the film shown” (de Castro 199). Unless the production group is a vertically integrated company, it has very little leverage (Daniels et al 92) and is usually at the losing end because the terms and conditions are typically designed to favour and protect distributors (Finney, “International” 122; Wasko, “Hollywood Works” 60).

4.3. Conclusion

In studying film distribution and exhibition, there is an inclination to just focus on the economic factors because they are powerhouses of profit, leaving behind the cultural and political aspects that mobilise the economic. There is also the danger of painting a picture of a polarised battle between cultural value and economic value. On one level, this is true. The economic values produced and imposed by distributors and exhibitors can alter the cultural value of a film in the distribution and exhibition process. By privileging the economic value, the process can undermine and overpower the film’s cultural value and underscore the majors’ capacity to dominate the market. Thus, the common pitfall in analysing distribution and exhibition is the tendency to vilify them, in cahoots with the big studios. However, this chapter has presented the other side of the story by taking a closer look at how the film distribution and exhibition has developed over time and how this system works in the Philippines.

With the way the whole distribution and exhibition business is set up and where strategic control is in the hands of the few (Curtin, Holt, Sanson 6), it is inevitable that

distributors and exhibitors are regarded as “villains” in the film industry who just care about box-office receipts and ignore the welfare of production groups or filmmakers especially the smaller or new independent players. However, the priority that distributors and exhibitors give to the business aspect is not without basis. The costs of distributing films and operating theatres are very high (Donahue 1; Litwak 130) because of the required wide release. This means that the wider the reach, the bigger the cost. As Cinema One Originals channel head and festival director Ronald Arguelles explains, “It’s not easy to release one film because marketing expense is high. We need money for placement fees, print ads, etc. ...If you get to book only four theatres... you can’t recoup expenses just like that” (Policarpio).

In this sense, value is not generated or calculated based on the product alone. It is the accumulation of different types of capital measured over a period of time across the whole filmmaking value chain. For instance, economic value is not just about the tangible element of making profit from a single product. One may have several films released in a year where one or two are box-office hits, few that will breakeven, and a couple that will flop. The non-earning films do not necessarily mean that they do not have any economic value. Their worth lies in serving other strategic purposes such as introducing new stars, experimenting with a new genre, or testing the market, which may yield future economic value. Similarly, cultural value is not just about the film’s message, aesthetics, technical quality, production merits, or cultural impact. It is also about the filmmaker’s body of work and the reputation that he builds over time that define his value as an artist. As such, the battle between cultural value and economic value is not about the films themselves but it can also be a battle among different types of cultural value that occurs across the whole structure of the industry. This is why I

treat distribution and exhibition not just as stages in the film value chain but as intermediary spaces where value is created and transformed.

As cultural economy research is concerned with value creation (Smith Maguire and Matthews, “Cultural” 409) and “attentive to issues of power, agency and negotiation” (414), this chapter presents how film distribution and exhibition act as cultural intermediaries and economic actors in shaping cultural and economic values, and how these are controlled and negotiated towards the making of a film from its inception down to audience consumption. Using the cultural economy framework, I argue that film distribution and exhibition is a complex interrelated system of culture, economics, and politics. As they intersect, each element influences the others in contributing to the dynamics that operates the whole system. Thus, this system of network is fuelled by the interrelationship of all players in the filmmaking value chain—the relationship of the copyright owner with the distributor, the distributor with the exhibitor, the copyright owner with the exhibitor, and the film and the audience. While distribution and exhibition are economic transactions, they are also personal and political because of the interplay of power relations among the players.

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Chapter 5

Traditional Film Distribution and Exhibition Platforms in the Formal Economy

The last chapter has discussed the function of distribution and role of distributor in finding ways of getting the film to the audience. Now, I will elaborate on how a film actually reaches the audience by breaking down the distribution economies. While this thesis adopts Lobato's labels and definitions of film economies, my usage or categorisation of the various distribution platforms is slightly different from his. I regard formal distribution as something official or "legally sanctioned" (Cunningham, "Hidden" 66; Crisp 6). It is bound by a written agreement with corresponding terms and conditions. Virginia Crisp also reappropriates Lobato's definition of formal distribution. For her, it is "the legal acquisition of rights to show a film theatrically and/or produce DVD/Blu-ray copies for retail sale within a given territory" (6). It is generally big in scale or has a wide reach because it involves a chain of complex network (Bosma 35) that has the machinery to run the business. On the other hand, informal distribution refers to the underground or black market or shadow economy, which is generally illegal or outside the rule of law. There is no form of valid contract or official agreement. Lastly, the mid-space between the two is semiformal distribution, which may or may not have a valid written agreement but is not necessarily or strictly illegal.

Henceforth, my classification of the formal distribution economy is divided into traditional and emerging platforms. Traditional platforms cover (1) theatrical release,

both national and international, and (2) non-theatrical release, which includes straight-to-video, DVD/Blu-ray, film festivals and markets among others. Unlike in Lobato's categorisation, he considers straight-to-video releases under the semiformal rubric ("Mapping" 167) but also notes that they have strong informal features ("Shadow" 22). While Knight and Thomas distinguish theatrical and non-theatrical releases based on market segments (266), I classify them under the traditional platform because these have always been the means of film distribution before the advent of online distribution. On the other hand, as online distribution network has developed through the years, there are now formal and informal avenues for this. Hence, for the legally operating online platforms that utilise over-the-top (OTT) technology like the Internet, I classify them under emerging platforms since it is a relatively recent development and new business models are still constantly being developed, while online piracy goes to the informal economy. For Lobato however, online distribution circuits belong to the semi-formal realm ("Shadow" 95).

This chapter discusses the traditional film distribution platforms in the formal economy. It begins by explaining the concept behind the hierarchy of theatrical and non-theatrical distribution and expounding on the idea of sustainability in relation to the independent film sector. This is followed by a discussion of how indie filmmakers are able or unable to access the formal distribution economy of theatrical and non-theatrical releases, with a focus on how theatrical release plays out in the whole industry and how it has served (or not) the indie sector. It identifies the factors that keep independent players at the periphery of theatrical distribution, which push them to think outside the box-office mindset and take on the non-theatrical route among other distribution platforms.

5.1. Theatrical release and the indie (film/maker)

The previous chapter demonstrates how distribution and exhibition hold an immense power in controlling the film industry. This is especially reflected in their exploitation of film as commodity (Garnham, “Materialism” 323; Lobato, “Mapping” 47) through their control of the “windows of exhibition” (Blume 334; Iordanova, “Digital” 1; Crisp 6; Wasko, “Hollywood Works” 104; Wyatt, “High” 81) or “exploitation chain” in the formal economy (Finney, “International” 3). This “windowing” system or “movement *across formats*” (Lobato, “Mapping” 60, emphasis in original) has become the template of film distribution when broadcast television was invented (47) and the avenues for releasing films increased (Acland 65). According to Verhoeven, “Windows, clearances and defined runs act as interruptions or stops in a linear temporal sequence” (244). They determine when a specific market is allowed to view a film, whose turn it is, who should wait, or even miss the turn. Hence, the windowing system is also about the ranking of markets (244-5). The business model of release windows provides distributors and exhibitors a more structured and systematic way of exploiting copyright based on schedule. These windows include local and international theatrical releases, and non-theatrical releases such as domestic and international home video or DVD, cable and satellite transmissions, pay-per-view television, pay television, free television, foreign television, network TV and syndication, on-board and in-flight entertainment licensing, video-on-demand, campus screening, etc. (Blume 338-47; Daniels et al 57-76; Finney, “International” 4; Levison 55; Lobato, “Shadow” 11; Stott 6; Towse 455; Ulin 30; Wasko, “Hollywood Works” 90).

As release windows refer to the time interval between each release stage (Harris 8; Verhoeven 258), distributors are not simply selling films but also the additional element of time showing. In fact, the slogan of the film industry has always been “time is what we sell” (Huettig 114). Time then becomes an essential part of the film distribution and exhibition business (Weinberg 164). This makes film a time utility product (Sazon, “Interview”) and “a highly perishable commodity” (Garnham “Capitalism” 200). As the film moves through its chain of runs, it depreciates and loses value (Verhoeven 245). Therefore, distribution is not just about monetising the film and maximising exposure, it is also about monetising time and maximising its newness as quickly as possible, and thereby “creating a hierarchy of value” (Lobato, “Shadow” 43). As Verhoeven notes, “The business of film distribution is founded on the establishment of temporal hierarchies, and its specific practices at once *promote* and *demote* markets through temporal relegation” (245, emphasis in original).

Among all the release windows, theatrical is always the first stage of release and occupies the top tier in the windows hierarchical structure (Lobato “Mapping” 50; Lee and Holt 56) because it remains the key to a film’s profitability (Blume 335; Crisp 29). It is the fastest way of generating income given its wide coverage (Daniels et al 81; Knight and Thomas 190) and massive marketing efforts to encourage people to see the movie in theatres. Hence, producers always prefer and prioritise a theatrical release strategy, as this gives them the biggest and fastest way of recouping their investments and making profit. It is also very important to build consumer interest during this stage since a theatrical run sets and increases the film’s value for its ancillary markets or the film’s subsequent releases (Bordwell and Thompson 41; Daniels et al 34, Donahue 153; Eliashberg 138; Eliashberg et al 652; Goodell 251; Lee and Holt 52; Litman and Ahn 173;

Lobato, “Mapping” 71; Wang 13; Wyatt, “Formation” 75), including sales opportunities from character licensing and merchandising (Blume 335). Hence, producers always battle it out with the distributors and exhibitors to have the most number of screen allocations and to have the longest possible run in theatres. As such, theatrical release constantly takes centre stage when discussing the power and control of film distribution and exhibition. It is important to note however that control and monopoly are not synonymous (Huettig 145). In monopoly, there is an absence of competition; hence, absolute control is automatic. In the presence of competition, control is not given but taken by the winners or big players. Therefore, the more important question to ask is who are in control and who are left out? The answer leads us back to the mainstream-indie divide, where the former rules and the latter struggles to sustain its sector.

In an independent study conducted by international creative industries strategy consultancy group Olsberg-SPI, it notes that the indie film sector usually functions using a fragmented business model, or sometimes none at all. It starts with having little access to funding that requires indies to have “highly complex multi-party funding structures” and end up surrendering and signing away all intellectual property rights to their funders and business partners just to produce the film (9). Given their situation, indie filmmakers are somehow forced to package all film rights under one contract and sell them at a much lower price instead of earning more when the rights are sold separately (Parks 62). The film itself then becomes the collateral and leaves indie filmmakers with little or no access to revenues generated from the film. This restricts them to build on previous successes since they have “no equity to invest in future projects” (9). This is where the sustainability problem begins—the absence of means to continue producing films (Levy

509), and thus, failure to produce consistent film outputs or provide a steady supply of films to the industry.

Olsberg-SPI provides two definitions of sustainability: being investment ready and having maintained stability. Investment readiness is based on the financial strength of a business where a company has a strong financial track record and growth potential. However, there are companies that do not meet this commercial definition but are sustainable and successful. Hence, the alternative definition of “maintained stability” applies to production groups that do not meet the “investment ready” definition but “are able to produce high-quality films on a regular basis, by relying on some level of consistent public subsidy support” (9). The ideal definition of sustainability would be a combination of both qualities. As Richard Paterson asserts, “Assured distribution and secure funding remains a central factor for any financially viable cultural production...” (41). However, it is not always achievable in reality. The definition that this thesis takes is more on the “maintained stability” characteristic, except that the Philippines does not have a “consistent public subsidy support” to its filmmakers. There are available grants and aids but they are always insufficient. Hence, indie players are usually left on their own to source out additional means as they “play the game of commercialism” where survival is the primary objective (de Castro 199; also Aksoy and Robins 9).

The indies’ fight for sustainability is not really about attaining commercial success. It is anchored on distribution as the weak link (Policarpio) that sometimes securing a distribution deal is an achievement in itself (Schatz, “Film Industry Studies” 49). Since distributors possess an incredible power, their impact on the indies is magnified (Levison 106). The root of the problem lies in the existing distribution and exhibition system that is designed to cater to the major players. There is no distribution system established for

the indies (Trice 619; Valerio, “Other” 6) or a system that allows indies to be integrated with the present system without jeopardising any player. The challenge is always about getting the indie film to a wider audience (Knight and Thomas 263-4) and levelling the distribution playing field for everyone (Lang), such that indies can coexist with the majors (Aksoy and Robins 9). One way of addressing this is for indies to be given equal access or opportunity to distribution channels, particularly securing a theatrical release and getting theatre seats filled when it gets a theatrical run (Trice 619). As discussed earlier, the theatrical window provides the biggest source of revenue or investment recoupment for a film because of the power of its reach. Hence, indie filmmakers always set their goal on getting a theatrical distribution deal for their films, as they see this as a key factor to their sustainability.

5.1.1. Risky business

The question now is: what is preventing indie productions from getting a theatrical release? First, filmmaking is a very risky business (Aksoy and Robins 12; Garnham, “Capitalism” 176), if not the riskiest (BFI 14; Litman and Ahn 173), because it is driven by extreme uncertainty (Cunningham and Silver, “Screen” 58; de Vany 66, 71-2; Litman 47; Sedgwick and Pokorny 19; Weinberg 187; Wyatt, “High” 81). Technically, “nobody knows anything” as to what will sell (de Vany 66; Goldman 39; Maltby 39; Moul and Shugan 105; Nebrida), not even the size of the audience (Agostini and Saavedra 252). This concept of “nobody knows” refers to the “fundamental uncertainty” that producers of creative goods face (Caves 74). In the comprehensive study of Arthur de Vany, he concludes that nothing is really predictable (66) in the film business: “not costs, not performance value and certainly not revenue” (267). While sales projections are made, no one can certainly predict theatrical success (Litman and Ahn 173; Moul and Shugan

106), which means “anything can happen” (de Vany 72). There is no secret formula (66) or proven method that can assure the producer, distributor or exhibitor that a film will be a box-office success. Otherwise, it would not have been a risky business and the formula could be used to increase and maximise revenues across all stages of production, distribution and exhibition, and prevent costly mistakes (Towse 450). It is because of this uncertainty that all three players always ascertain to minimise and calculate all possible risks. Hence, one of the approaches that bigger players undertake is to integrate production and distribution (455). This leaves the smaller players or the indies on the margins because they are incapable of such vertical integration. It is like saying that if the big players cannot be assured enough of covering all bases, how can the smaller ones even survive this game of hits-and-misses (Aksoy and Robins 9; S. Murray, “Cultivating” 174)?

There is no science to determining a box office hit nor is there a formula film or specific distribution strategy that will guarantee this. Every film is unique (Huettig 146), not even a remake is similar to the original. As de Vany argues, no one can identify “what will capture an audience” (267). The moviegoing public is diverse and their tastes change over time (Kerrigan 120; Litman and Ahn 173). Therefore, film audiences also do not know what movie they like until they see it (de Vany 7). While they ultimately have the power “to make hits or flops,” they reveal their preferences by “discovering what they like” (28). Once the movie is released, “the audience decides its fate” (72). For instance, the film *English Only, Please* was considered as the “dark horse” of the 2014 Metro Manila Film Festival (MMFF) but to everyone’s surprise, it ran for seven weeks in theatres nationwide. This shows how the market force takes over after the film opens (Du). Thus, the ultimate goal of all players is for the film to keep all its screens “long

enough for it to build an audience” (de Vany 45). Even if most producers and distributors use their experience and gut feel or look at box-office records of a director’s past films (Moul and Shugan 106) in green-lighting or distributing a film, de Vany argues, “Experience is not reproducible” and “may even be a hindrance because experience relies too much on past successes and selective memories that blot out failures.” Hence, “learning is hard in this business” (267). Former Star Cinema creative head and now independent producer and screenwriter Tammy Dinopol also shares that one can do everything that her group Origin8 Media did in terms of marketing and promotions but it would not turn out the same because every film is different. Anyone can apply the same approaches but there is no guarantee of a repeat success. Each film will succeed on its own merits using its own strategies.

For instance, not all movies that major studio Star Cinema produces or distributes make money. Star Cinema has many box-office hits but it also has its share of flops (by their definition) such as the 2012 French-Filipino production *Captive* (Ibañez) and the 2013 crime noir *On the Job* that it distributed (Matti, “Interview”), its 2014 production of *The Trial* (Lang; Santos, “Models”), and the more recent *Halik sa Hangin* (Kiss in the Wind, 2015). All films have big-name stars and have been promoted actively but they still did not sit well in the box office. According to *Halik sa Hangin*’s producer and screenwriter Enrico Santos, the film was promoted as a “love story with a twist, with a mystique.” Even if it is partly horror, it does not say so because if it is slanted as a horror movie, it would confuse the audience since moviegoers expect a Star Cinema horror flick to star Kris Aquino. The film had a modest earning—it was not a hit but it did not flop either. Ayala Malls Cinema booking and sales promotion manager James Bartolome also confirms that even if the public is bombarded with all sorts of promotion from the film,

it does not guarantee commercial success. However, because Star Cinema is Star Cinema, it will have more hits than misses despite the unpredictability factor; and their misses would not be as bad as other players. This just validates the premise that it is very difficult to predict audience behaviour (Gonzales; Litman and Ahn 173) or public taste (Litman 47) and anticipate audience preferences and consumer demand because “films are symbolic goods” and “their consumption is shaped by cultural factors” (Aksoy and Robins 13), as well as economic factors among others.

While there is no way to guarantee box-office success, there are certain factors that big players consider in calculating risks before producing, distributing, and exhibiting a film. First is the cast or star power (Bartolome; Bernal; Dixon, “Reasons” 360; Gonzales; Ibañez; Jadaone; Lent, “Asian” 163; Miller et al, “Global Hollywood” 147; Moul and Shugan 110; Parks 3; Ravid 35; Schamus 95). The star system has never left the industry ever since it was introduced (Hoppenstand 225-6). Contrary to what is taught in film school, in real studio-terms filmmaking, film production does not begin with a concept or storyline. It begins with casting. Sometimes even the film’s budget is based on the stars of the film (Bernal). Independent film producer and screenwriter Moira Lang shares her experience as a former Star Cinema screenwriter. “We’re bound by casting... 99% of Star Cinema projects would begin with the casting combination.” Reality Entertainment president Dondon Monteverde also adds that distributors look at the stars of the movie. “If they see that the stars are big and they command a good figure when it comes to gross receipts, then they’ll give you more theatres.” Some of Reality’s bigger films like *On the Job* (2013), *Kung Fu Divas* (2013), and *Kubot* (2012, 2014) have been allotted more than 100 screens in their opening days because these films have big

stars, whereas its film *Rigodon* (2012) has only been given 46 screens because it involves new (unpopular) actors.

Second is the genre (Bartolome; Gonzales; Lang). In recent years, the rise of romantic comedies is slowly flooding the Philippine film industry. This is especially true for Star Cinema. According to its distribution head Rico Gonzales, rom-coms are sure hits in the box office, followed by romantic drama, and family-oriented movies. Third, in terms of storyline, filmmaker Antoinette Jadaone adds that aside from being star-driven, her experience with Star Cinema prescribes that the film must have a happy ending because having a sad ending will not trigger a barrage of positive word of mouth and will highly affect box-office results. The combination of all these elements is what Justin Wyatt calls a “high-concept picture”—a type of film that relies largely on extensive marketing and surface stylishness (Wyatt, “Product” 86) based on “stars, the match between a star and a premise, or a subject matter which is fashionable” (“High” 12-13). All these actually contribute to how distributors and exhibitors assess a film’s commercial viability.

In the 2015 Pinoy Media Congress, ABS-CBN Film Productions, Inc. creative director Vanessa Valdez and ABS-CBN Corporation integrated customer business development head Vivian Tin explain that because the life of ordinary Filipino people is full of hardship, people go to the movies to find escape and relief, to be entertained, and perhaps to forget their problems temporarily. Cinema is no longer the cheapest form of entertainment. People do not want to pay high ticket prices only for them to think or be reminded about how difficult their lives (already) are. Valdez and Tin claim that what Star Cinema sells in their movies, especially in their rom-coms and comedies, is hope; hence, the happy-ending “requirement.”

All these “high-concept” elements delimit and somehow set a box of rules for filmmakers whose films are out of the box. Hence, it is very challenging for indies to get a theatrical release because if these *rules* can minimise risks and increase a film’s box-office potential, then there is no reason for distributors and exhibitors to select an “untested” film when what they want is to reduce the uncertainty aspect of the business. Take for example Jadaone’s film *Relaks, It’s Just Pag-Ibig* (Relax, It’s Just Love, 2014). It is a romantic-comedy that stars new / unknown actors. Its distribution team is also new, hence unknown to the exhibitors, so the film has not been allotted a lot of screens. The film has run only for two weeks and flopped in the box office (Bernal). It all goes back to the power of the star system because ultimately, movies with big-name stars “have more staying power than opening power” (de Vany 89).

As I have mentioned in Chapter Three, things are gradually changing in the indie scene. Indie films can already cast big-name stars at a special rate or negotiated arrangements because these stars are also highly interested to be part of something new and different—something outside of what they usually do for a studio that can challenge them as actors and showcase their craft even more. So why are indie films (still) unable to penetrate the (mainstream) market? It is possible that the film did not get the other elements right. It could be a “wrong” genre or a “sad” storyline, or the genre is not suitable for the actors involved, or the actors have abruptly shifted to a role that their fans are not used to. According to Bartolome, if one would ask Star Cinema regarding *Halik sa Hangin*’s performance, it might say that the public is not yet ready for a mystery-thriller-romance genre combination but he personally thinks that the lead stars might have been miscast. There are still other factors that affect distribution and exhibition such as seasonability, release width, location (S. Murray, “Cultivating” 164-9),

word of mouth, awards, reviews, etc. (Moul and Shugan 85-103). Most of the time though, a film's commercial success is also a matter of timing and sheer luck (Ortigas; Sazon, "Film" 115).

5.1.2. Industry practices and business culture

The second entry barrier for any new player is the prevailing industry practice and business culture that is governed by a clout system (Daniels et al 91; Sazon, "Interview;" Wasko, "Hollywood Works" 86). Film distribution and exhibition is definitely more than just part of the filmmaking value chain or a business deal. It is a system of relations that involves "a complex web of business relationships, market demands and arcane custom and practice" (Daniels et al 77; qtd. in Wasko, "Hollywood Works" 85). It is a relationship-based business, where connections are important to seal the deal. It is about building, nurturing, and managing various industry relationships, where the line that divides personal and professional becomes shady. "Who you know" matters more than "what you know." There is an "incalculable value attached to personal relationships between distributors and exhibitors" (Daniels et al 92). There is an edge to having good relationship between them (Ibañez) because they are the gatekeepers of cinema—the *mafia* that dictates the taste of the public, and how culture is valued and economic values are defined. Only very few can exist without connections to these networks that are mostly controlled by the majors (Coe and Johns 191). It is this unspoken dynamics of industry relationships that run the business. The culture behind the distribution and exhibition business is based on relationships with people. Hence, more than managing the business, distribution and exhibition are about managing relationships. As Lang emphasises, all one needs are connection, charm, hard work, and persistence to get the film moving in the value chain.

For instance, almost all producers want to get into the MMFF. However, the majors also dominate this arena (again). What used to be a festival that showcases a diversity of “quality” films is now all about box-office receipts. Quantum Films and Tuko Film Productions’ *English Only, Please* has been fortunate to get in to the 2014 MMFF. It is a rare occurrence for an indie film because MMFF “reserves the right to require the producer to show proof of their capacity” to produce films (Du), without which the festival can reject a film. However, *English Only, Please* co-producer Ed Rocha also notes that being “friends with the right people” has helped the film get through the gates. Otherwise, the film’s “now showing” status would have become “no showing.”

Vincent Nebrida, who has an extensive experience in the film industry as producer, screenwriter, festival director, and marketing executive in the Philippines and the US (for Fine Line Features/New Line Cinema), describes the business practice differences between the two countries. In the US, “you don’t do anything until the ink is dry,” whereas in the Philippines, people rely on word of honour (Matti, “Interview”) and conduct business with a handshake. Everything is informal (Almendralejo, “Interview”), and everything is about *pakikisama* (Nebrida). *Pakikisama* or getting along well with people (de Leon 30; Leoncini 162; Soriano 70; Torres 71) is both a Filipino concept and trait that is about forming and maintaining a “good, harmonious, and healthy personal relationships with others” (Leoncini 157). This idea is based on the importance placed on respect and getting along with one’s kinsmen, which are inherent to the Filipino kinship system. Avoiding any signs of conflict in one’s network (Leoncini 162) is crucial in conducting business in the Philippines because Filipinos view their social network as extended kin (de Leon 30).

It is ironic to note how a business as formal and big as film distribution and exhibition thrives and conducts itself with a business culture of informality. It is this Filipino cultural trait of *pakikisama* that drives the formal economy of film distribution and exhibition forward. Over time and across several transactions, trust is eventually developed (Hesmondhalgh and Pratt 9). It is this trust element that producers, distributors, and exhibitors are working with in trying to offset the risks attached to the decisions they make (Kong 64). This informality has become an embedded business practice and created a *mafia* system where all negotiations and dealings in the film industry are based and where all the problems also begin. While there are formal records such as distribution and exhibition contracts, people who do not honour their word and those who know how to manipulate the system usually become the source of corruption.

While *pakikisama* is generally a good Filipino trait, Nebrida refers to its misuse or abuse in the business context. In Leoncini's analysis, the negative element of *pakikisama* entails blackmail and manifests narrow-mindedness (167). It bestows a sense of indebtedness to the person who always conforms and "invokes the fallacies of appeal to force and appeal to advantage" (168). Leosala recalls an experience to illustrate this point. There was an instance when the manager of the posh Power Plant Mall cinema in Makati declined to exhibit the movie of producer X. Leosala explained to the manager that producer X is difficult to deal with and that by declining the producer's "small" film that time, the cinema would not be offered the "big" film that producer X would have in the future. The theatre manager stood by his decision. So when producer X's "big" film was launched, only Power Plant mall was not screening the film. One of the mall's big bosses then questioned the manager about this, who then sought Leosala's help to talk

to the producer. They went to the producer's office but they were not entertained. This is when the role of the booking agency comes in and where Leosala's persuasion skill is put to test, as he invokes the power of friendship and *pakikisama* to win the producer to his side and to grant the theatre the screening of the "big" film. This is another proof of the power play among all players—who holds more power, who needs whom and when, who will give in, and what compromises will be made to reach a consensus? More than anything, the filmmaking business is a negotiation of power manifested in the interrelationship of the producer, distributor, and exhibitor.

5.1.3. The rule of the majors and their rules

In Sazon's view, the film industry is an industry because of the majors, without which it will not thrive ("Interview"). During the early years, film production companies were privately owned, family-run organisations. Today, most of them are still family-owned businesses but they have grown bigger to become multimedia corporations. They have gained more power (J. Reyes) by being more concentrated and integrated as companies (Aksoy and Robins 11). Since the majors control and rule the playground, independent players or new entrants to the industry have to play by their rules, too. The majors have the advantage from access to capital (Wasko, "Hollywood Works" 60) to having a lockdown on production and distribution, as well as having "extensive acquisition, promotion, and exhibition mechanisms" (Dixon, "Reasons" 358). They flex their financial muscle to control the film business and squeeze or pressure independent film groups to end their theatrical runs quickly (Aksoy and Robins 9; Kerrigan and Özbilgin 200; Marich 341). Hence, new players do not just need to pass through the gatekeeping functions of distributors, exhibitors, and the central booking committee,

they also need to get through the gates of the majors. This is where the politics of distribution and exhibition come into play (Lang).

Distributors and exhibitors prefer films produced by the majors (Daniels et al 92) because despite the uncertainty of box-office results, they have a track record of commercial success. Hence, when distributors and exhibitors have to choose between products from a “tested” company and an inexperienced production outfit, it is an easy choice. Laviña also describes how the majors bully the smaller players and how they can dictate on exhibitors to screen all their titles regardless of their quality and commercial viability. In Power Plant Mall cinema for example, it has a “policy” of only screening foreign films unless the local film is produced by Star Cinema or when it is the Metro Manila Film Festival season because it is mandated by law (Lang). Bartolome and Leosala further point out that there is a bias towards the majors because they are stable companies and can consistently supply them with films (that have high blockbuster potential), unlike the indies who may have the supply now but unable to sustain it. This just goes back and perpetuates the distribution and sustainability question: How can indies produce films consistently if they do not have the financial sources to sustain production and the access to distribution?

Moreover, the relationship cultivated between the distributors and exhibitors and the majors gives them the necessary network to influence the industry (Almendralejo, “Corporate” 20; Coe and Johns 201). Since the majors are the theatres’ best customers and their “ultimate contractor” (Coe and Johns 194), they are in a good position and have the formidable power (Aksoy and Robins 20) “to block the path for independent producers to the most lucrative share of the market for films” (Huettig 143). Having been on both sides of the mainstream and indie camps, Dinopol confirms that her group

Origin8 Media has experienced how a major studio like Star Cinema was effectively blocking their film *Zombadings 1: Patayin sa Shokot si Remington* (Remington and the Curse of the Zombadings) from cinemas nationwide. Co-producer Lang describes the film as “one of the very few movies in (the) history of Philippine cinema that is thoroughly independent from conception to marketing and distribution, all the way to booking.”

Origin8 Media first offered its suspense-horror-comedy film to Star Cinema for distribution but it declined. Hence, the group continued with its plan to premiere the movie as the closing film of the Cinemalaya Festival. All 1,600 tickets were sold out days before the event. The movie was a smash hit and got everyone laughing hard from start to finish. This was a good sign for the film, as it was scheduled for theatrical release. The positive audience reception reached Star Cinema and made an informed business decision to change its upcoming line-up of films for exhibition immediately. During the central booking committee meeting that Dinopol was attending, Du wanted to assign another date for *Zombadings* to give way to Star Cinema’s film. Dinopol defended *Zombadings*’ play date and ended up competing head on with Star Cinema’s comedy flick *Wedding Tayo, Wedding Hindi* (2011), which stars comedienne Eugene Domingo who is also in the cast of *Zombadings*.

Dinopol (“Mainstream”) and Lang disclose that *Zombadings* was a big hit in Metro Manila, out-grossing Star Cinema’s film by 40%. It did not do well in its provincial run primarily because there were fewer screens allotted to their film and Star Cinema was prioritised. Hence, *Wedding Tayo, Wedding Hindi* has a higher gross revenue overall. Lang further notes that their booking was no longer reflective of their sales but it was the politics of distribution that led them to have a reduced number of screens. Since Star

Cinema has the clout, it does not even need a hit movie. It just needs to release movies consistently. It does not matter if some of their movies flopped because they always get the theatres they want (Dinopol, “Mainstream”). What makes Star Cinema so powerful is that it belongs to a horizontally and vertically integrated corporation. Horizontally, ABS-CBN also has a publishing arm and cable network; vertically, it has a distribution arm for Star Cinema. All it needs to do is maximise its publicity efforts through all these channels. By having a (free) TV network alone, it can air film trailers and promo ads repeatedly (Leosala). Gonzales admits that Star Cinema has that leverage as the leading local film distributor. Hence, it holds a dual position as buyers and sellers of films by virtue of the company’s structure (Huettig 143-4), which allows it to maintain dominance over the industry (Aksoy and Robins 13; Coe and Johns 189; Crisp 3; Garnham, “Capitalism” 183-98).

The case of the independently produced *Kimmy Dora* film series from Spring Films is different (see Table 7). It is a comedy that follows the adventures and misadventures

Table 7: *Kimmy Dora* film series budget and box-office sales

	<i>Kimmy Dora: Kambal sa Kiyeme</i> (2009)	<i>Kimmy Dora and the Temple of Kiyeme</i> (2012)	<i>Kimmy Dora: Ang Kiyemeng Prequel</i> (2013)
Production	Spring Films	Co-production with Star Cinema	Co-production with Star Cinema & Quantum Films
Marketing/Promotion	Origin8 Media	Star Cinema	<i>not available</i>
Distribution	Solar Pictures	Star Cinema	<i>not available</i>
Production cost	PhP 24.5 M	<i>not available</i>	PhP 28 M
Marketing budget	PhP 10 M	<i>not available</i>	PhP 8 M
Gross receipts	PhP 79.8 M	PhP 137 M	PhP 30 M
Yield	Smaller gross, Bigger ROI	Bigger gross, Smaller ROI	Loss

Source: Bernal, Joyce

of identical twins Kimmy and Dora who have totally opposite personalities. While Origin8 Media handled the marketing of the first film instalment, Spring Films still had to look for a distributor. According to Joyce Bernal, co-founder of Spring Films and director of the first two film instalments, her group first offered *Kimmy Dora 1* to Star Cinema but it was rejected. So they immediately went to Solar Pictures and secured a deal two weeks before its opening day. A film's marketing budget is usually equal to or higher than the production cost but despite *Kimmy Dora 1*'s limited promotional budget, it did very well in the box office. Lang attributes its success to social media marketing and positive word-of-mouth. The strategy is especially geared towards its first-day and first-weekend audiences to create a ripple effect. The film has also partnered with GMA network, the rival of Star Cinema's mother company ABS-CBN, which gave the film several TV spots at a discounted rate in exchange for the TV rights.

Star Cinema learned about the film's success that three years later, it co-produced and distributed *Kimmy Dora 2*. The film grossed much higher than the first instalment. However, Bernal clarifies that even if *Kimmy Dora 2* had a higher gross, it does not mean that her group received a bigger net income. Her group has received a bigger return on investment (ROI) from *Kimmy Dora 1* because expenses are kept small. With Star Cinema as distributor however, the ROI is smaller because of the exorbitant marketing-related expenses. After learning from this experience, Spring Films opted for a different distributor for *Kimmy Dora 3* even if Star Cinema co-produced it. However, because the audience was disappointed with *Kimmy Dora 2*, the final film instalment flopped in the box office. And there is the rub. According to independent producer, screenwriter, and actor Ed Rocha, the usual problem with going to a major for a distribution deal is, "they won't give the same respect that they would their own film. So you're at their mercy."

The case studies of the films cited above are a clear indication of the following: (1) each film is different and requires its own distribution strategy; (2) theatrical distribution is key to generate the film's economic (monetary) value; (3) producer wants to be distributed by the leading film distributor in the country because of the power it possesses; (4) business is business—the vertically integrated major company will not co-produce and/or will not close a distribution deal unless the film is commercially viable.

5.1.4. The 'indie' brand

Another barrier that inhibits indie filmmakers from access to theatrical distribution is the “indie” brand itself. As Paul Grainge notes, branding in the film industry is nothing new (23). Ever since it was introduced “as a means of differentiating products within an expanding consumer marketplace, the film industry has sought to adapt modern selling techniques for its own needs” (8). Over time, it has also taken on the role of managing an identity (21) that has transformed and developed contemporary cultural industries (9). Hence, branding has become “an integral feature of modern consumer capitalism” that consists of cultural and economic functions that build “the structure of market relations” (23).

As discussed in the previous chapter, the branding of mainstream or indie matters in relation to how producers position and market a film. This in turn affects how distributors decide on a distribution deal, how exhibitors determine the number of screens for the film, and how audiences perceive the film. These perceptions from the distributor and the exhibitor that trickle down to the audience have the power to make or break a film. The brand itself becomes another gatekeeper that facilitates the perception of the distributors, exhibitors, and audiences. This perception becomes the film's identity—the cultural element of branding, which eventually shapes and dictates

its box-office performance—the economic component of branding. Therefore, the cultural signification of branding does not only lead to the “domination of commercial signification” (Grainge 12) but also to its subordination.

As discussed in Chapter Three, the success of Quantum Films’ *English Only, Please* (2014) has led Alonso to set up 8 films—a new outfit to accommodate her indie projects. When one is branded as ‘indie,’ distributors and exhibitors think that the quality or the value of the film is not on par with that of the major studios. Hence, it is difficult to secure many screens for an indie film. GMA Films president Atty. Annette Gozon-Abrogar reveals that if one is labelled indie, the film will only be allocated around less than 40 screens; whereas a mainstream production with a major distributor can get as many as 150 screens (Nebrida). According to Alonso, “the perception is not easy to erase,” and thus, the need to create a new company.

This is not a problem for Skylight Films—the indie division of Star Cinema. Since it has a distribution arm, exhibitors know that Skylight Films is Star Cinema. Skylight business unit head Enrico Santos explains that he has to hide Skylight under the shadow of Star Cinema to get him more movie houses and more audiences. The same goes for the Star Cinema brand. According to Santos, Star Cinema’s “super-blockbuster” hits (those with big stars) can secure 200 screens, while a Skylight movie is similar to a standard Star Cinema release that can get between 90 and 140 screens. Anything below 90 is considered an indie release, which can be between 4 and 20 screens. While Star Cinema has secured only around 40 screens when it distributed the Cinemalaya hit *Ang Babae sa Septic Tank* (2011), Santos says that this is a “rare crossover” case where an indie film was so successful in the festival that producers decided to release it mainstream.

A similar case is the Cinema One Originals festival movie *That Thing Called Tadhana* (2014). According to Cinema One channel head Ronald Arguelles, the film had 15 screenings during the festival and earned almost PhP700,000 in ticket sales. Since Cinema One is the cable channel of ABS-CBN, the mother company of Star Cinema, and since the distribution team has assessed the film to be commercially viable based on its festival performance being a crowd favourite, *That Thing Called Tadhana* opened in 110 screens nationwide on 4 February 2015. This is almost triple the usual number of screens that an indie movie can get. Five days later, the number of screens was increased to 130, and the film grossed PhP44 million at the box office according to a TV news report on *Bandila*. The film reached P75 million on its ninth day and more than P100 million in two weeks according to the film's Facebook page. The film has been making buzz that soon enough, a festival copy of the film was uploaded on YouTube in its third week. The number of screens immediately decreased to less than 20, as theatre operators knew that people would no longer flock the movie houses. However, the film still managed to secure a US theatrical release. Star Cinema initially reported a PhP120 million earnings ("That Thing") but according to the official figures of ABS-CBN, the film has grossed PhP134 million after it ran for five weeks, making *That Thing Called Tadhana* the "top grossing local indie film" that time (Jadaone; "Tadhana"). This is indeed a big return on investment considering that Cinema One Originals has only provided a seed grant of PhP2 million for the film. However, Jadaone's group has spent an additional PhP400,000 for social media ads and only received a 20% share of the income, net of all other marketing-related expenses from the distributor's share, after the distributor splits the gross revenue with the exhibitor. Again, this shows that the producer/copyright owner is at the bottom of the food chain.

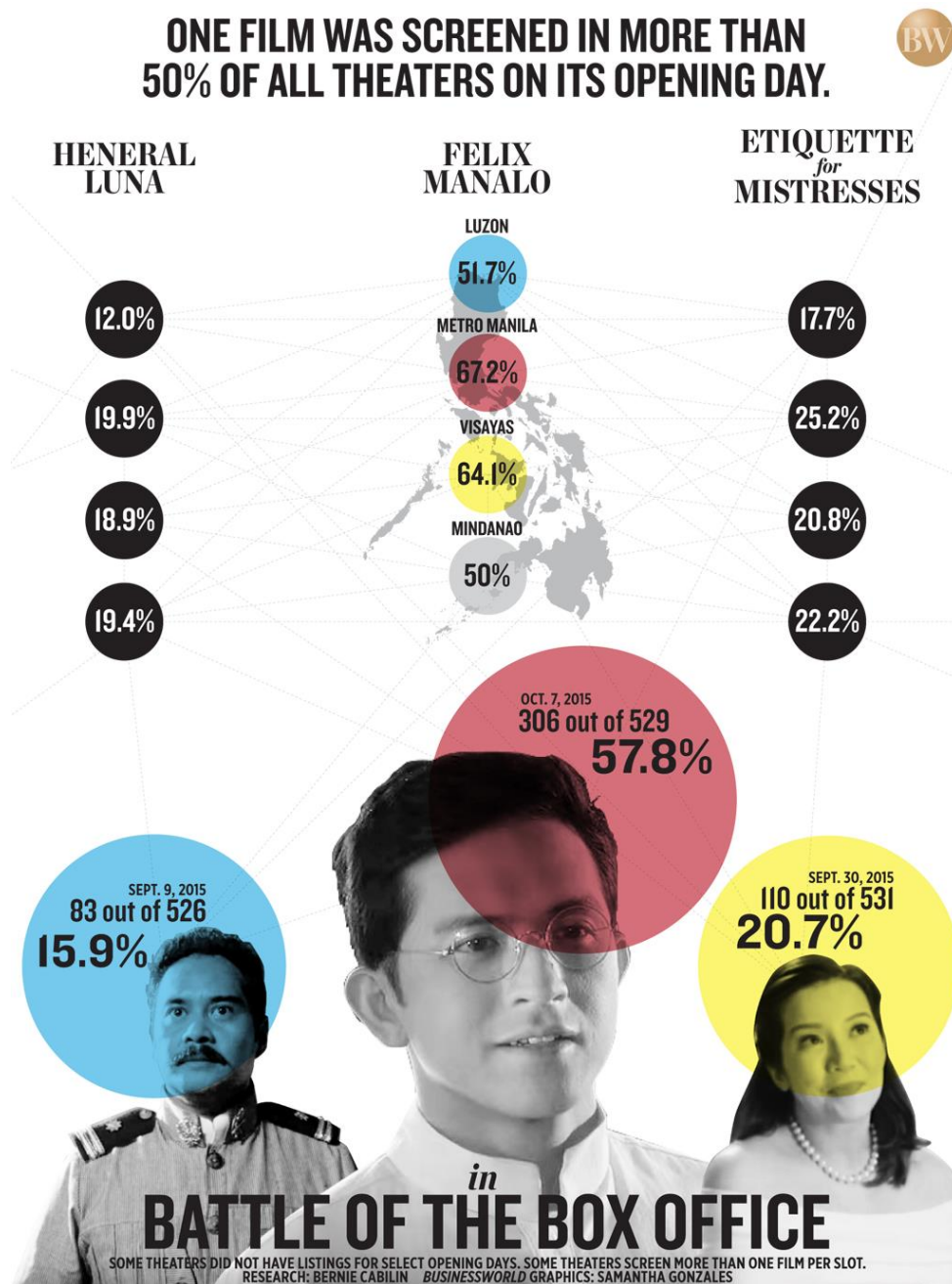
As described in previous sections, the MMFF entry *English Only, Please* is expected to perform poorly at the box office because the film has no blockbuster stars and TV spots (E. Rocha), and just relies on social media promotions and word of mouth (Jadaone). However, after the selection committee and the jurors have seen the movie, they predicted that the film would eventually run longer in theatres through word of mouth. As expected, the film placed sixth at the box office during the first two days of the festival. Then after bagging major festival accolades for its story, acting, direction, and being declared second best picture, the movie just kept going up the ranks. Du confirms that during the last three days of the festival from January 5 to 7, *English Only, Please* ranked first in the box office on a daily basis. Four weeks after the festival, the film was still being played in 30 theatres, which according to Alonso was a lot for an indie film. Under normal circumstances, the number of screens of a film declines during its run. However, if the picture is performing well in the box office, then additional theatres are given. (de Vany 77; Du). Three more weeks later, *English Only, Please* was the only festival film that was playing in theatres. It also had a theatrical release in US and Canada. After nine years of having more misses than hits, Alonso finally got a big hit in her hands. Produced with a budget between PhP10 and 15 million, the film grossed between PhP150 and 160 million (Jadaone; E. Rocha), ranking third at the MMFF box office (Du).

Independently produced by Tuko Film Productions, the film *Heneral Luna* (General Luna, 2015) is considered a game changer in the film industry because despite its independent status, the whole filmmaking value chain operates like a mainstream production only with slightly modified strategies. The film is a biopic of the feisty general who is often misrepresented as a national hero in Philippine history. Tuko has the

financial capability to produce an expensive period film because its executive producer Fernando Ortigas is not the typical business tycoon whose priority is the ROI. This means that all-out funding support has been given to film production. Unlike in most industries where breakeven point is “sales equal costs” (Cones 5), the breakeven formula for film production is multiplying total production cost by 2.8 (Alonso) or rounded off to three (Matti, “Interview”; D. Monteverde) because it is divided among the three players (producer, distributor, exhibitor). Co-producer Ed Rocha says that the film’s total budget is PhP80 million; therefore, the film needs to gross PhP240 million in the box office to break even—a rather far-fetched dream for an indie film production.

The film’s co-executive producer and marketing consultant Vincent Nebrida makes sure that the film’s timing is very strategic so it will pick up at the box office. The film opened on 9 September 2015, a week after National Heroes Day, when all Hollywood blockbusters had already opened, and when the election cycle in the Philippines had begun. The film started with 101 screens, which was a very good number especially for a new player with no track record. While the infographic published by *BusinessWorld* is inconclusive (See Figure 10), it provides an idea of how exhibitors allocate screens and the extent of the majors’ power and influence. The historical biopic “Felix Manalo” produced and distributed by Viva Films has been allotted 57.8% of all the screens, Star Cinema’s “Etiquette for Mistresses” has 20.7% of screen allocation, while Artikulo Uno’s “Heneral Luna” only has 15.9% of all the screens. *Heneral Luna*’s target was to gross PhP300 million at the end of its theatrical release. However, the opening-day gross was only PhP1.4 million when the target was around PhP5 to 6 million (“Heneral”). Since the film did not draw enough audiences, the number of screens plummeted to 40 in its second week. Netizens were disappointed and took to social media their call to keep the

Figure 10. Screen allocation of selected films on their respective opening dates



Source: BusinessWorld, "Heneral Luna," 29 October 2015

film in cinemas through the hashtag "KeepHeneralLunaInCinemas" ("Netizens") and "SaveHeneralLuna." According to the film's associate producer and marketing coordinator Ria Limjap, these actions were not part of the marketing plan but the audience's response to the situation ("Heneral").

The netizens' clamour has paid off and the number of screens for the film was increased to 104 and grossed PhP104 million in the third week. This was also the week when *Heneral Luna* was selected as the country's official entry to the Oscars. Since then, everybody has been on the film's tail for updates, and news about the film's daily gross was constantly being updated in the news. More and more audiences have been flocking the theatres that the film eventually ran for nine weeks and grossed nearly PhP253 million, making it the "highest grossing independent Filipino film of all time," and "among the 20 highest grossing Filipino films" ("Heneral;" Sallan, "Heneral"). The film has also been released theatrically in the US with 40 screens. On the film's official Facebook page, Ortigas and Rocha thanked all those who have seen the film and emphasised, "that while it's important for us that this movie recoups its investment and more, it is ultimately not about box-office, not about money." They also described that the movie has taken a life of its own because of their active support ("A Message"). This is also what de Vany refers to as the film acquiring an "independent life" if it runs long enough in the theatres (47).

The film has indeed made a big mark in the industry. It is independently produced in the sense that it did everything on its own but with the approach of what a major studio like Star Cinema would probably do to its big movie. It has made use of both traditional and non-traditional marketing platforms (E. Rocha) from TV, radio, print, out-of-home ads, and school hopping across the country ("Heneral") to having a website and incorporating a lot of promotional gimmicks. The film has also relied on good word-of-mouth by posting on its official Facebook page movie reviews from known film critics and various broadsheet contributors to ordinary viewers, and comments from fans raving about the film, including sharing photos of audience members crying or clapping

and giving a standing ovation as the end credits roll. The film has maintained an active online presence by concentrating its efforts on social media advertising or viral marketing, which is becoming a trend (Abrogar), if not a norm, for promoting films (particularly indies). There has been a general shift from traditional media advertising to using emerging digital technologies (Grainge 27). Budget for print ads is generally being reduced and rechanneled to online advertising, banner advertising in malls, and highway billboard ads (Bartolome).

The marketing strategies employed by *Heneral Luna* are almost similar to those of *The Wedding Banquet*, which are more mainstream-like than indie-like in approach (Wyatt, "Marketing" 67). While still operating within the realm of independent cinema, both films utilise its "independence" as a marketing tool while "replicating the model of mainstream filmmaking." In Wyatt's analysis, this technique "illustrates the larger trend toward economic centrism" (69), which renders independent cinema as a grand illusion because "even supposedly groundbreaking and iconoclastic 'indie films'" are positioned "within the safe domain of dominant ideological and commercial practice" (70). What Artikulo Uno Productions has done with *Heneral Luna* demonstrates that indies are not just crossing over in terms of production but also in distribution. The indies are now using mainstream's distribution method to compete in their own battlefield. Again, not all independent players can do this. It is only by creating a (new) competition that can challenge the status quo of the majors that the indies can penetrate the battlefield with the possibility of toppling down the dominant players. However, the majors are also adopting some of the common promotional methods of the indies—that is maintaining an online presence in social media networks, although not as active as the indies. Hence, there is also a crossover movement from the mainstream.

A more *extreme* example is distributing the works of Lav Diaz. After Diaz left the mainstream world, he became known for his very lengthy films running between four and ten hours. His films' running time poses a big distribution challenge in itself because it is beyond the conventions of mainstream cinema and the theatrical distribution system, where an average film runs between 90 and 120 minutes. However, with Diaz' several recognition from various international film festivals, he has gained a very high reputational capital that gave him the advantage to secure distribution deals. While the idea of a non-theatrical release for Diaz' films is not far-fetched, not many people think that his films would actually get a commercial run, especially in the Philippines. Hence, when three of his more recent films have been released theatrically (see Table 8), the act was considered "groundbreaking" ("Lav") because it is rare if not the first time for commercial cinemas to screen films with a very niche market in the country.

Table 8: Selected films of Lav Diaz released commercially in the Philippines

Title	Running time	Marketing/ Distribution	Cinema chain
<i>Norte, Hangganan ng Kasaysayan</i> (Norte, End of History, 2013)	251 minutes (4 hours 11 minutes)	Origin8 Media Cinema Guild, NY	selected Ayala cinemas
<i>Hele sa Hiwagang Hapis</i> (A Lullaby to the Sorrowful Mystery, 2016)	485 minutes (8 hours 5 minutes)	Star Cinema	Robinsons Movieworld, SM cinemas, Ayala cinemas, Gaisano, Cinematheque
<i>Ang Babaeng Humayo</i> (The Woman Who Left, 2016)	226 minutes (3 hours 46 minutes)	Star Cinema Microcinema, Italy	Gateway Cineplex, Robinsons Movieworld, SM cinemas, Ayala cinemas, Gaisano

Sources: Bartolome; CinemaBravo; de Jesus; "Norte;" San Diego, "Lav;" Vivarelli

According to Lang who also produced and marketed the film, Diaz's films are generally considered not accessible or commercial. However, to adopt Wyatt's analysis of American indie filmmaker George Scott, Diaz also has an "independent star image" that has boosted enough public interest in his works ("Revisiting" 203). *Norte* is undoubtedly an art film. So the distribution strategy is centred on eliminating the dependence of walk-in viewers and to do a series of one-off screenings pre-marketed like a concert event. This is also similar to the 'roadshow' release strategy (Balio, "Struggles" 111; Matilac and David 113; Verhoeven 244), which is "characterised by opening films in a limited number of theatres in big cities for a specific period of time before moving them onto a general release" (Verhoeven 258). This strategy transforms "the act of moviegoing into a special occasion—an event" (Wyatt, "Roadshowing" 65) with higher ticket prices and offers reserved seating arrangements (C. Meissner 5; Lobato, "Mapping" 64; Verhoeven 258). For *Hele*, the film has drummed up a promotional strategy anchored on the challenge of watching an eight-hour film dubbed as "The *Hele* Challenge" to draw in more audiences. All these techniques have worked that almost all screenings are sold out. By the time when *Ang Babaeng Humayo* was released theatrically, Diaz' fanbase has increased, and it was not as difficult to get an audience.

All the above-mentioned films are used as case studies because they are all exceptions to the rule. This is what Moul and Shugan call as the "unexpected hit that seemingly comes out of nowhere to become mainstream" (90). It is also this "value of newness," as Huettig puts it, that major companies are cultivating and exploiting "to strengthen their own market directly" and reinforce this "appeal of novelty" (114). This commodification of newness or being indie may not always work but it is a gamble that

some are willing to take. The circumstances surrounding the films mentioned are different but the following factors have paved the way for their successful theatrical release: (1) having the right connection and right distributor is advantageous (Donahue 152), (2) the romantic comedy genre proves to be a hit, (3) the cast members are not big-name stars but popular enough to draw a crowd, (4) the storyline has a semblance of being mainstream but with a little twist, (5) social media or viral advertising works, (6) positive word-of-mouth creates a ripple effect that constantly draws audiences even for “repeat viewership” (Jadaone), and (7) a mix of luck. Although no one has control over luck, the film industry considers it as part of the working of distribution. Some are lucky enough to be picked up and get a deal (Crisp 3; Garnham, “Capitalism” 200), while sometimes it is just a matter of timing (Ortigas). Not all indie films get the chance to be distributed because it does not have a strong bargaining power (Kerrigan 67), which is highly “important in securing the most favorable deal” (Donahue 177).

5.1.5. Unwritten ‘policies’

Aside from having a very small and fragmented market place for indie players (Aksoy and Robins 11), the bigger challenge is really getting the audience to the theatres to purchase a ticket and see the movie. There are two other problems that beset the indies in the Philippines. First, even if a film gets a theatrical release, there is no guaranteed minimum period that it will retain its number of screens, unlike in the US where a film is guaranteed to run for a week regardless of its box-office performance. Second, movies in the Philippines open on Wednesdays instead of Fridays, which prevents the film to pick up its sales in the weekends (“Heneral,” Nebrida). While the US also has non-Friday launches, it is more of an exception than the norm (Moul and Shugan 101).

These realities mean that if on the film's first day, it does not perform well in the box office, the exhibitor has the power to pull out the film and replace it with another title that is raking in money (Bartolome; Du). This practice has been dubbed as the "first-day, last-day" policy. However, Du clarifies that for malls that have more than 10 or 12 screens, the committee convinces them to accommodate the "small picture" since they already have all the titles lined up for that week and even additional screens for the "big" picture. As Star Cinema's Gonzales puts it, "The smaller the movie, the bigger the challenge because a big movie is already sold. You don't have to convince the exhibitor to get it." Du further explains that this practice is one way of balancing the needs of the big producer, the indie producer, and the exhibitors. It gives the small producer a chance to recoup its investment as much as it could, while not depriving the big producer of a "strong" film to earn more income and for the theatre to cover its expenses and earn as well. This is but a common industry practice because of the revenue-sharing model that the industry adopts. Therefore, exhibitors and producers of "big" films will want to have more screen time for the popular films (Hanssen 405). This means that exhibitors can "juggle films, so that seats and screen time more closely conform to demand" (420-1).

Having a Wednesday opening only favours the majors because of its capacity for promotion. However, for indie players who mostly rely on word-of-mouth advertising, their films will not even get the chance to gain positive word-of-mouth because majority of the weekend viewers are unable to see the movie. Hence, the strategy that most indie films with theatrical release employs is to encourage audiences to see the movie on its opening day before the cinemas pull it out. Based on observations, the promotion begins by listing down all cinema locations that are screening the movie, posting this on all the film's social media accounts, and asking people to share the post. It acts as the

film's 'modern' print ad or movie guide that is constantly updated. In case the film is pulled out from the cinema, the follow-up strategy is to urge audiences to email or call the cinema that pulled out the film and demand for the film's retention. Once the cinema receives a lot of appeal, it eventually gives the screen/s back to the film. These strategies have been utilised by *English Only*, *Please, That Thing Called Tadhana*, *Bonifacio*, *Heneral Luna*, and many others, which prove to be effective. It has to be noted though that the "first-day, last-day" policy is not exclusive to Filipino films, it applies to all films that do not perform on the first day. For instance, Singaporean filmmaker Ken Kwek's *Unlucky Plaza* (2014) has experienced the exhibitor's exercise of this policy (San Diego, "Unlucky"). Compounding this problem of "first-day, last-day" policy is the "six-person" rule. According to Nebrida, exhibitors have identified that they require a minimum number of six viewers to cover their overhead cost per film screening. So if moviegoers go alone or in pairs, either they wait for other viewers to join them or just choose another film because tickets will not be sold to them.

Another practice that has been introduced in 2011 is called slide booking or slide screening, which might be unique to the Philippines (Advincula; Du). This means that the screen is shared with another movie, the opposite of which is a full-day screen ("Heneral"). A typical full-day screen can have six screenings. Based on the box-office receipts, a screen can be shared between an underperforming film and another performing film (Advincula; Du), or to accommodate two hit films—a new film release and a film on extended run. In extreme cases where malls have very few screens, a slide screening can be shared by three movies, giving each film at least two screenings per day (Bartolome). According to Du, this is an "innovation" that the committee has introduced to help accommodate indie films. It is somewhat a "compromise" to its first-

day, last-day policy. However, some indies still have a problem with this system because even if they are given a 'slide' slot, the exhibitors usually put their films in a non-primetime schedule. The practice still favours the performing films.

Looking at it from a bigger picture however, the slide screening is a result of having to accommodate an oversupply of films (Advincula; Bartolome; Ibañez) when digital cinema arrived. The oversupply pertains to films coming from Hollywood and other countries. While film production in the Philippines is catching up in number because of several independent film festivals, not all these films get through the distribution hurdle. Before, there were only around four to six titles per week that exhibitors need to schedule in their cinemas. Now, they have 12 to 15 titles competing for a limited number of screens, especially for smaller multiplexes (Bartolome; Ibañez). This situation puts the production side at a disadvantage again and reinforces the power of distribution and exhibition. The competition for screen has become tougher because of increased competition and made distribution and exhibition even more challenging for smaller producers. From the side of the audience though, it means more film choices.

5.1.6. Indie spaces

Unlike in the US or other countries, the Philippines does not have any art house cinema (Baumgärtel, "Media" 12) because it does not have a concept of it. Hence, there are no alternative or exclusive indie theatrical spaces and not enough theatres that are willing to screen indie films. Also, gone are the days when theatre owners had a more altruistic sense of theatre rental. Today, Ed Rocha says, "Rent out is a business."

In their efforts to give audiences more access to indie films and have a more sustainable independent film sector, indie filmmakers have gathered themselves to form the Philippine Independent Filmmakers Multi-purpose Cooperative in 2006, later

changed to Independent Filmmakers Collective (IFC) in 2014. As its first project, IFC talked with Robinsons Galleria to check the possibility of having one Robinsons Movieworld cinema dedicated to just screening independent films (Hernandez, “Digital” 207-8). Supporting IFC’s thrust and believing that there is an untapped market, the mall agreed (Advincula), and “IndieSine” was born on 16 January 2007 (Hernandez 104). According to IFC’s former chair Emmanuel dela Cruz, IndieSine was supposed to be the start of “having a regular venue for nonmainstream and alternative films, side by side with Hollywood blockbusters and local mainstream films” (101).

As IFC’s former general manager handling its operations, I have seen how IndieSine helped both indie filmmakers and the organisation sustain their activities through the project’s revenue sharing scheme with the mall, where 40% goes to Robinsons and the remaining 60% is divided between the filmmaker and IFC at 75% and 25%, respectively (Hernandez, “Digital” 208). In this case, IFC also acts as an intermediary. Specifically, its assigned programmer is the gatekeeper who selects or programs the films that would be screened in IndieSine. Unfortunately, the supply of films was dwindling down that only old, “successful” indie titles were being screened. The quality of films also began to decline, which affected audience attendance. IFC is not exempted from the first-day, last-day rule. In March 2010, Veronica Velasco’s *Last Supper No. 3* suffered such fate. Its weak ticket sales on the first day led Robinsons Cinema’s management to remove the film from its roster. The situation pushed IFC to suspend its operations until both parties agreed to terminate the partnership (Hernandez, “Digital” 208).

In 2014, another initiative to screen independent films came from the Promenade, Greenhills Shopping Center through its president Precy Florentino. She has always had the desire to help indie producers because she knows that they are not given

importance or enough support by the government. It was not until Fernando Ortigas approached her for a certain private screening that the idea of having a venue that would serve as the “home of independent films” would open up again. It quickly came into fruition and the Teatrino Film Series was born and had its first screening on 13 September 2014 (“Independent”). Its programming is managed by filmmaker Jerrold Tarog, as recommended by Ortigas through their film project *Heneral Luna*. In this case, Tarog acts as the middleman between Teatrino and the filmmakers.

Florentino explains that she is dedicating the Teatrino space every Saturday for the screening of indie films—something that is not easy to give up because concerts and big events are usually held in Teatrino on Saturdays. She is actually giving up a primetime schedule just to accommodate indie films. She says that it is not a daily schedule but at least there is regularity to it. There is also no revenue-sharing scheme. Florentino is only charging a minimal fixed rental cost of the space just enough to cover overhead expenses. Hence, all proceeds (after deducting the venue rental) go directly to indie producers/ filmmakers. This approach is similar to the practice of four-walling, where the four walls of the theatre is rented outright (Wyatt, “Roadshowing” 73) for a flat fee for a specified period of time (Donahue 250; Hall, “Distribution” 206-7; Goodell 247-8; Lent, “Southeast” 17; Lobato “Mapping” 70; Polish, Polish, and Sheldon 252). Just like the roadshowing strategy, four-walling is also marketed as a “special event” (Wyatt, “Roadshowing” 76).

After more than a year of operation, the Teatrino series faces the same problem of having an inconsistent supply of films. Hence, it went on hiatus in January 2016. Four months later, it posted an update on its Facebook page pointing to a new venue that screens independent films: Cinema '76 Film Society. It is a 60-seater “micro-cinema” that

operates as an art house cinema. It aims to provide a “new theatrical distribution platform for filmmakers” while developing an audience for Filipino indie films. It is not a coincidence that Cinema '76 and TBA share the same location because they all belong to Tuko Film Productions. According to Nebrida, there is really no formal programming strategy at the moment but as an alternative theatrical venue, Cinema '76 mostly screens films that major multiplexes are unable to play and of course, the films that they produce and co-produce. As a micro-cinema, Cinema '76 has a much lower admission price than the big theatre chains, and it offers filmmakers a 50-50 revenue sharing scheme. Despite this generous arrangement, Nebrida says that Cinema '76 still manages to earn. It was not a good start when it opened in February 2016 but when they screened *Sleepless* (2015) and *Ang Kuwento Nating Dalawa* (The Story of Us, 2015) in June, the gross receipts were unbelievably high. What also surprises Nebrida is that the audience profile is diverse and the fact that people still flock to the venue considering that it is not very accessible. For him, there is indeed a market that just needs to be developed.

5.2. Non-theatrical release and the indie (film/maker)

Non-theatrical releases or ancillary rights or the “auxiliary market for movies” (Weinberg 193) do not form a stronghold of the formal distribution economy, as they “represent a relatively minor source of revenue” (Wasko, “Hollywood Works” 90). Hence, this is not given a priority or focus because this is just considered as a bonus or residual income after the theatrical release. In fact, Ibañez estimates that non-theatrical releases only form 1% of the profit pie. Hence, ancillary releases are not a priority

because of its estimated low returns. However, he is speaking from the perspective of a major player. For independent filmmakers, these auxiliary markets offer hope (Donahue 152) and may provide them with a “significant percentage of a picture’s total revenue” (153) because these could be the only distribution platform that indies can access.

Case in point again is *That Thing Called Tadhana*. At first, Cinema One did not want to have a DVD release for fear that it would not sell since the film has been pirated. However, Jadaone’s team insisted and pushed for its production citing the film’s appeal and ability for repeat viewership. For Jadaone, having a DVD release is also going full-circle in terms of completing the life cycle release of the film. The DVD has been produced eventually with a different cut from the festival copy that was reproduced illegally. The film has gained so much following that it has also published an illustrated book of the short story used in the film entitled “The Arrow with a Heart Pierced through Him.” Another excellent example of a successful non-theatrical release is *Heneral Luna*. Despite being pirated, the film has sold out 15,000 DVD copies within a month (Nebrida), “making it the best-selling DVD of any historical Filipino film ever released in the market” and “the fastest-selling DVD of any Filipino title currently in release” (Sallan, “Heneral”). In fact, 5,000 more copies have been reproduced, as well as a new deluxe edition to accommodate the high market demand. Indeed, the film is exploiting all forms of copyright, as its website also sells *Heneral Luna* merchandise like shirts and bags—a rare, if not exceptional, case for a commercially successful, independently produced film (Goodell 253). However, the film’s success in the auxiliary market is still hinged on the film’s box-office performance (Lobato, “Mapping” 71). It follows that there is no ancillary market to serve if the film has no theatrical release or its run is unsuccessful.

Among all non-theatrical platforms, the film festival circuit is the more common and popular route that indies are taking because it combines both cultural and economic motives (Towse 520), although not necessarily on equal terms. Most international film festivals have started out as “forums for prestige or status” (Rich 157). This aura of prestige attached to festivals, especially those in the A-list such as Cannes, Berlin and Venice, carries with it a stamp or currency of quality that allows the film and the filmmaker to build and strengthen their reputational capital and gradually build on their cultural capital (Corless and Darke 212), thereby creating a prestige economy.

Over the years however, film festivals have been considered as an alternative to commercial movie houses (Bordwell and Thompson 40) and mass marketing (Frodon 207). They have become more market-driven (Dixon, “Reasons” 361; Rich 157) and developed into a buyer’s market that function as shopping malls for producers, distributors, and marketing companies (Castonguay 76; Goodell 249; King, “Indie 2.0” 105), giving rise to the festival economy. They have transformed into “a global circuit that competes with Hollywood’s marketing juggernaut, an alternate worldwide circuit that allows films from outside the U.S. to find recognition” (Rich 164). While festivals generally showcase films from across the world, some also hold trade fairs for exhibitors (Towse 520). Hence, film festivals ply the spaces of both distribution and exhibition, and thereby also act as gatekeepers as judge and guide (de Valck 126). First, they are considered as an alternative distribution network (Bordwell and Thompson 41; Gubbins 80; Hernadez, “Digital” 199; Iordanova, “Digital” 20; Peranson 191; Tryon, “On-demand” 157) that serves as a source of attention (King, “Indie 2.0” 87) and gateway to “‘real’ distribution” (Iordanova, “Festival” 109). They assume a transitional space that can pre-test the market. Second, they act as exhibitors because films are screened (Bordwell and

Thompson 41), mostly in an event-driven (Peranson 192), red-carpet setting (Iordanova, “Festival” 110), and “potentially turn a profit in the ‘real’ exhibition sector” (Corless and Darke 212). They provide audiences with the chance to see what might be considered as commercially unviable films (Peranson 191; Stott 41) and might never be distributed outside their country of origin (Bordwell and Thompson 40-1).

The two-pronged nature of film festivals can be a cost-effective way of introducing films to distributors while presenting it to an audience of discerning critics and judges. However, not all festivals are created equal; some can be better launching platforms than others (Litwak 133). Some films may win awards, some may get a distribution deal, and some may get both, while some none at all. The uncertainty element and a play of luck are always there. While recognition and prestige may increase a film’s cultural value, it does not follow that it will increase the film’s economic value. There is no guarantee that the film will be a commercial success in the Philippines even if it receives critical acclaim in international festivals. In fact, these films often do not get a theatrical release in the country, and if they do, they are screened to almost-empty cinemas (Hernandez 199). Going back to the premise that film viewing is a form of escape, a film’s cultural value does not matter to the moviegoer who wants to forget life’s miseries.

There are a select few like Kidlat Tahimik and Lav Diaz who have won international awards and also secure international distribution by participating in these festivals (Hernandez 199). Two of Tahimik’s films have secured distribution deals in America: *Mababangong Bangungot* (Perfumed Nightmare) and *Turumba*. For Tahimik, *Perfumed Nightmare* is “too good to be true as a first film.” It won the FIPRESCI prize at the Berlin International Film Festival and gave it an excellent jumpstart. Then his film got invited to

many other festivals until Francis Ford Coppola's American Zoetrope picked it up for distribution, released it in the US and closed other small distribution deals in Japan. However, Tahimik confirms that *Perfumed Nightmare* only generated a "small trickle" at around USD1,000. It does not matter to him though because he is not interested in earning a big profit but just enough to give him freedom to do his film. This is sustainability for Tahimik. For him, the quality of his viewers, despite being small in number, matters more than making money.

The film markets or project fairs that are sometimes attached to certain festivals are also helpful in funding the production or closing a distribution contract. These are "meeting places for buyer and sellers of film and television programs" (Stott 49). Some of these include Pusan Promotion Plan (renamed as Asian Project Market), Hubert Bals Fund (Frodon 208), Hong Kong International Film and TV Market (Filmart), HK Asia Film Financing Forum, American Film Market, MIPCOM in France (Stott 51-2), IFC's Manila Film Financing Forum that is attached to the Cinemalaya Festival, and many more. While these markets are generally helpful, it does not contribute a lot to the development and sustainability of the independent film sector, as these deals also yield small revenues. Film market participation is again beneficial to the majors because they carry a lot of content that provides distributors or buyers plenty of choices. They have a strong bargaining power because they sell in bulk; whereas the indies or small players only bring with them one or a few titles to sell.

Reality Entertainment has tried its luck in the foreign market. Its first attempt is the comedy-horror-action film *Tiktik: The Aswang Chronicles* (2012). However, foreign distributors do not like *Tiktik's* brand of humour, so Reality is unable to sell the film to many territories. For its next production, Matti and Monteverde think that they could

sell *Rigodon* (2012) abroad but distributors feel that the film is too “art house” and has not closed any deal at all. That is when Matti concluded that a small-budgeted indie movie would never really find an international audience or earn money. He says that there is a possibility that foreign distributors may buy the film but only between USD2,000 and USD3,000, which is really very small.

On Reality’s third try however, luck seems to side with them for the crime noir *On the Job* (OTJ). Reality has participated in Marche du Film of Cannes International Film Festival to sell its own titles and buy foreign content, as well as to network with other industry professionals. Here, Reality has sealed two distribution deals for OTJ worth PHP12 million (San Diego, “Matti-Monteverde”). First, with Well Go USA Entertainment, who has acquired the film rights for release in North America even before OTJ’s premiere in the Directors’ Fortnight section in the festival (Halloway), and second, with Wild Side (San Diego, “Matti-Monteverde”). However, despite its good international reception, the film has failed to recoup its investment through the local theatrical release (Matti, “Interview”). Lastly, as part of Reality’s globalisation efforts, it has also acquired the local rights to distribute four foreign titles across all platforms—including DVD, cable and free TV during its participation in HK Filmart (San Diego, “Matti-Monteverde”). As Litman and Ahn assert, “International distribution has grown from an easy way to earn extra profits into an economic necessity.” However, just like any other film, there is also no sales guarantee in international markets because they are “composed of a lot of culturally diverse and economically distinct countries.” Hence, it is still the exception that tends to rule foreign box offices. Not even the big players “have a recipe for overseas success” (194).

There have also been efforts from some local television networks to help indie filmmakers by buying their films' TV rights. The first attempt was in 2006 when then ABC 5 president and Cinemalaya Foundation chair Tonyboy Cojuangco aired some of the winning full-length Cinemalaya films. When ABC 5 was rebranded as TV5 in 2009, the station started to air new indie films again and called the program "5 Max Movies." This was a project in partnership with the IFC ("Cinemalaya Films"), which also had a revenue-sharing business model but was short-lived. On its third attempt in 2013, TV5 aired new indie films through the program called "Sine Ko Singko: Indie 'To" ("TV5"), this time featuring 'indie' works of established directors, unlike its first two attempts that showcased new directors. Again, it was short-lived. In May 2015, GMA News TV launched the series "Indie Kalibre" (Indie Calibre), which featured award-winning indie films by both new breed and established filmmakers, but was only slated to run for two months ("GMA").

Based on these case studies, there is also the uncertainty element in the non-theatrical platform. It may work for some films and may generate good revenue but it may also take a longer time to recoup the investment. It will also not directly address the problem of having a consistent film supply from the indie sector because the circulation of funds is not immediate. Hence, it only proves that theatrical release is still the preferred and better distribution avenue.

5.3. Conclusion

This chapter has examined the nuances of the various layers of intermediation created by distribution and exhibition, as well as the major studios, in thwarting

independent players' entry to this highly volatile market. It has also analysed the politics of relations acting like a mafia that controls the whole distribution and exhibition network, which can either make or break a film. This chapter argues that aside from the distributor and exhibitor intermediaries that indies have to deal with, they also have to cross the gates of the mainstream sector, which functions as another intermediary layer. With so many gatekeepers that independent players have to pass through, their access to bigger distribution and exhibition platforms as their pathway to sustainability seem bleak. Does this mean that indies have to use mainstream's distribution machinery in order to be sustainable because nothing else can be more stable than the mainstream's distribution system? Categorically, it is an easy "yes" because this setup has been running the industry for more than a century now. In the filmmaking business however, box office success is never a guarantee, as the only thing certain is uncertainty.

Olsberg-SPI suggests that the key indicator of sustainability is when a film meets a market niche, which means that there is a proven audience for these films, and producers know the market and consistently produce films to serve this market's needs (9). There goes the problem loop: what if the number of niche audience is not substantial enough, how can the sector sustain itself then? For Lav Diaz however, he defines sustainability by drawing a line between commercial and "serious" cinema. From the perspective of entertainment fares or commercial cinema, sustainability is defined by profit. "For serious cinema, sustainability is defined by quality, the realm of aesthetic, a more responsible praxis. People who are saying that Philippine cinema's problem is sustainability are ignorant aesthetically because they are talking only about the realm of marketing, not cinema's greater role on culture. Greater cinema will create greater culture, and ultimately, a greater market."

Addressing the sustainability question of the independent sector leads us back to the question of what is at stake. Is return on investment the price of artistic or creative freedom? It is always about trying to strike a balance between arts and commerce—the battle between cultural and economic values. It is about finding that equation—that ‘ideal’ distribution business model to having a sustainable film industry. Therefore, the key is to hinge the strategy onto a stable distribution system (Wang 1) by having a filmmaker-led sustainable development platform, such that deals or agreements also benefit the production group or indie filmmakers. A good start to look at is Origin8 Media where everyone involved is an artist. Given the structure and nature of operations of the indie players and that there are many entry barriers to theatrical distribution for the indies, the question of penetrating the existing distribution system begins to surface. Are there other means or avenues to addressing the distribution challenge to attain sustainability in the formal distribution economy?

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Chapter 6

Emerging Film Distribution and Exhibition Platforms in the Formal Economy

The last two chapters have explored the traditional platforms of the formal distribution and exhibition economy, where Chapter Four is centred on the intermediary spaces of distribution and exhibition in the Philippines, while the last chapter has examined the entry barriers of new players and/or independent filmmakers to getting a theatrical release such as the various layers of gatekeepers that they have to pass through to reach the audience. This chapter now moves to the second part of the formal film distribution and exhibition economy, which is focused on the emerging platforms—the non-theatrical release window that utilises new media technologies such as the Internet in delivering film to an audience. Specifically, this chapter looks into: (1) how the shift from analogue to digital technology has given birth and led to the constant (search and) formulation of new business models in responding and adapting to these technological innovations, (2) the role of technology in shaking up and reshaping the (established) film distribution and exhibition system and in redefining film consumption, and (3) the impact of these developments on independent filmmakers by using case study profiles of some companies engaged in the online film distribution business in the Philippines. Finally, it raises the question as to whether these emerging platforms could address the sustainability issue of the indie sector.

6.1. Digital evolution, not revolution

When digital technology arrived at the doorstep of film production, independent filmmakers were some of the first to welcome it. Although the transition from analogue to digital has been slow (Pardo, “Hollywood” 6), digital filmmaking still paved the way for independent filmmakers to break into the industry because it brought down production costs and made the production process much easier (Doyle, “Understanding 1st” 115-6; Jenkins, “Quentin” 283). Along with this, digital technology carries a promise of industry transformation (Knight, “DVD” 19; Pardo, “Big Screen” 23, “Hollywood” 1, 6) because it affects all filmmaking elements from production to narrative conventions and audience experience (McQuire, “Impact” 44), including distribution and exhibition. As Bordwell aptly describes this, “films have become files” (“Pandora’s” 8; qtd. in Atkinson 1). Instead of celluloid, we are now dealing with digital codes or data that can be stored on servers, transmitted immediately to theatres, and projected in different formats (Tryon, “On-Demand” 2, 13, “Reboot” 434-5). We have moved from an era of film reels transported on bikes to films sent in bytes.

Some scholars recognize this technological change as a digital revolution in film distribution (Gubbins 95; Knight, “DVD” 21-2; Pardo, “Big Screen” 23, “Hollywood” 1; Silver and Alpert 60; Wallis 40). Curtin, Holt, and Sanson note in the introduction of their edited book *Distribution Revolution* (2014) that a revolution is in progress (14), as new distribution technologies give consumers more control (9) and overthrow “institutional relationships, cultural hierarchies, and conventional business models” (2). On the other hand, there are also those who disagree with the idea of “revolution.” Crisp argues that these technological changes are not tantamount to a “revolution,” as it would suggest that a new system has replaced the current one (58). While Gubbins claims that these

digital developments are replacements, they function more as an upgrade in terms of the existing film distribution and exhibition processes (71) and not the system. As Thorburn and Jenkins assert, “The process of media transition is always a mix of tradition and innovation, always declaring for evolution, not revolution” (12). McPhillips and Merlo also agree that no revolution or “industry stampede” will occur; instead, the industry undergoes a process of evolution, as old and new models eventually learn to coexist and converge (237; Pardo, “Big Screen” 40). Such convergence is not an endpoint (Jenkins, “Cultural” 34) or a “static termination” of an old system but a process of bridging old and new technologies, formats and audiences (Thorburn and Jenkins 3). Paradigm shifts always happen in the industry (Kerrigan 194). Hence, there is a continuous process of change because right from the start, the film industry has always been driven by technology (193), and thus will always be a site of constant technological development and innovation (McQuire, “Film” 494; Pardo, “Big Screen” 23). It will always be in a “perpetual state of becoming... in need of constant revision” (Atkinson 1), negotiation (171), and transition.

Another way of describing this movement is what Iordanova refers to as digital disruption (“Digital” 1). Franklin defines this as “the conflict caused by the juxtaposition of exponential rates of change in technology on the one hand and incremental rates of change in society, economics, politics and law on the other” (101-2; qtd. in Atkinson 172). A disruption is temporary or only lasts for a certain period of time, as adjustments are made. In other words, these technological developments (tentatively) interrupt the usual or traditional pattern of the whole film value chain, as it adopts and adapts to the changes. Thus, the increased audience control that Curtin, Holt, and Sanson describe as revolutionary is only an effect of digital disruption. This is why Iordanova says that the

idea of “film circulation” is more viable than that of film distribution (“Digital” 6) because the latter connotes an end-to-end point of delivery rather than a more fluid or flexible way of dissemination. With the new technologies in place, a new film circulation environment with new set of circuits and possible revenue streams is created (1; qtd. in Pardo, “Big Screen” 27).

6.2. Digital turn in distribution

This thesis takes on the digital evolution/ disruption perspective, or what I call the digital turn—the period when the film value chain has shifted to the digital process. As discussed in Chapter Two, technology is one of the factors in the development of independent cinema, as film is primarily a technological invention. New technologies have made producing movies cheaper, faster, and easier but also made it more convenient to reproduce and distribute them, and thus aggravating the problem of piracy (Harris 33; Kerrigan 194, 196; Ravid 52). Mass production and reproduction technologies have improved dramatically over the years that unauthorised copies of films are made available even before the global cinema release (Stepan 402). Since then, there has been a global effort to reduce the threat of piracy brought about by new technologies (Harris 19). The rampant and rapid rise of illegal distribution is attributed to the lack of availability (Stepan 402, 404) or poor accessibility of films and expensive admission price to movie theatres (dela Cruz). Piracy is therefore a reaction to what the audience cannot easily access. It serves as a substitute for theatrical screening (Stepan 402) and fills the gap in the market that the industry cannot provide and satisfy (Daly 146; Finney and Triana 162; Gubbins 69; Lobato, “Theorizing” 119; Lobato and Thomas,

“The Informal” 14; Pang, “Cultural” 96). Piracy occupies a significant percentage of the market (Gubbins 81) that it has reached a “critical mass” (Cunningham and Silver, “On-line” 58) and is now considered a competitor in the global market (Curtin et al 7; Harris 19; Stepan 403, 405-6). Now, stakeholders in the film industry (content owners/providers, distributors, and exhibitors) are thinking of ways to beat their toughest competitor yet—the pirates, more specifically, the online pirates who are dominating the download market through file-sharing (Gubbins 81).

6.2.1. The emergence of new business models

In today’s era of short attention span and instant access, new media technologies have created what Tryon describes as on-demand culture that is characterised by individualisation and mobility, in which people can access content anytime in multiple locations (173). This is where the digital turn in the formal distribution economy happens. We move from the traditional theatrical platform of seeing movies in theatres or what I call on-ground cinema to the emerging (non-theatrical) platform of watching content online or online cinema. At this point, I am also making a distinction between digital and online distribution. The former refers to the film’s general mode of delivery or transmission, which can either be physical: in the form of film reels shuttled in bicycles, or digital: in the form of files sent in bytes. The latter refers to the film’s specific distribution platform or the channel that the films pass through for delivery to reach the exhibition platform. This means that a film can be digitally distributed offline via a theatrical release, or online via a non-theatrical release. Digital distribution means that the film’s digital files are stored in a hard drive and then projected on the theatre’s big screen. This is discussed further in the next section. Online distribution means that films are distributed digitally via the online distribution platform of the Internet (Finney 124;

Knight, “Archiving” 66), instead of cyclists delivering film reels from one theatre to another (Nowell-Smith 10).

The discussion on the digital turn in film distribution has always revolved around the rise of new business models or how companies essentially do business (Ng 156). This has been an important concern because online piracy has been eating up a large share of the film industry’s profit pie. Hence, there is a need to identify right business strategies (Culkin and Randle 79; Curtin et al 7; Finney and Triana 224; Franklin 102; Pardo, “Hollywood” 3; Stepan 399), find new ones or apply changes to them (Kerrigan 194) because these new business models are the industry’s countermeasures and responses to the perennial global issue of piracy. Since pirates are invading the virtual world, it is also by venturing into the online territory and exploiting or maximising the potential offered by online distribution (Cunningham and Silver, “On-line” 49; Heuman, “Independence” 142; Knight and Thomas 27) that the industry can fight them on the same battlefield. The digital turn in the film industry signifies that the digital economy has arrived and that the industry needs to adopt new management strategies in adapting to these changes (Pardo, “Big Screen” 24). As technology develops, new platforms emerge and become available, and new business models that explore new forms of profitability are created (Tryon, “Reboot” 435), which means more avenues for copyright exploitation. More importantly however, these new business models should address the main question: How does one compete with something that is available for free in the market (Kerrigan 197)?

Online distribution is characterised by utilising “Over-the-Top” (OTT) technology that employs different revenue streams. It makes use of “an infrastructure that is not under the administrative control of the content or service provider” (Curtin et al 239).

Hence, consumers can go “over the top” of their television or cable boxes to access content (Lotz 157). This means that services or media content (in the form of audio or video files) are made available online via the Internet (Pedregosa). It is also known as content streaming (S. Murray, “Media” 9). To date, there are three [four for Crisp (63)] general business models that have been developed for the online distribution platform in the formal economy (Aft and Renault 26; Parks 81). Alejandro Pardo summarises these forms of online consumption. First, transactional video-on-demand (TVOD) is on a per-transaction basis. This model allows the consumer to rent a temporary download, where the file or link has a validity period; pay for a temporary streaming access or a video-on-demand (VOD) rental; and buy a permanent download via a Download-to-own (DTO) transaction, which is also known as an electronic sell-through (EST) (Curtin et al 238). Second, subscription video-on-demand (SVOD) is when a consumer pays a subscription fee and gains an unlimited temporary download or streaming access to the provider’s library. Third, ad-supported video-on-demand (AVOD), sometimes also referred to as free video-on-demand (FVOD), is when consumers can stream or download the content for free because it is supported (or already paid for) by advertisements embedded in the content (“Big Screen” 36, “Hollywood” 8). It is important to note though that the TVOD model should not be conflated with the pay-per-view (PPV) model. While they are similar in concept because a consumer pays per transaction or per viewing of content, the former is applied to online transactions, while the latter refers to television or cable broadcast transactions (dela Cruz).

Indeed, online distribution is changing the equation by providing consumers with “ubiquitous and simultaneous access to content” (Ulin 2). All these revenue models represent a change from a supply-led to demand-led business trend that are meeting

new consumer demands (Finney and Triana 19) or even needs for media consumption brought about by smart mobile devices that allow easy media access. One of the many effects of this shift in consumer behaviour is audience fragmentation and migration (19; Harris 23), as people move from going to the theatres to watching content on their personal gadgets.

From these new online distribution business models comes another strategy to further minimise piracy threat and maximise publicity (S. Murray, “Cultivating” 166): the day-and-date release, also known as same-day global releasing or simultaneous release strategy (Crisp 73; Cubitt 205; Cunningham and Silver, “On-line” 59; Harris 33; Pardo, “Big Screen” 31-2; Stepan 407; Ulin 33; Verhoeven 243). This means that the film is released in all available media distribution platforms in all markets on the same day and date simultaneously across the globe (Baumgärtel, “Triumph” 239; Harris 33; Kerrigan 98). Hence, any film that is showing on the big screen worldwide is also available for viewing on smaller screens like television, mobile phones or tablets via the VOD models (Silver and Alpert 60-1). This strategy is anchored on the idea that media convergence makes the global film audience impatient (Dixon, “Reasons” 365). Hence, by making the film available in all possible formats simultaneously, it addresses the issue of having a long time gap between national releases that tempts audience to resort to pirated copies (Culkin et al 171).

However, these business developments are met with much resistance by exhibitors because they are the first to be directly affected by these new strategies. They view these new business models as a “death threat” to cinema (Silver and McDonnell 494), as they challenge existing or old distribution models (Finney and Triana 15) and subvert the typical six-month theatrical window (Tryon, “Reinventing” 105), which are

designed to preserve the “sanctity” and protect the stronghold of theatres (Tryon, “Reinventing” 95, 108). Exhibitors believe that these emerging distribution platforms will cannibalise and undermine existing revenue streams (Curtin et al 23; Donahue 153; Gubbins 69, 73; Harris 24; Ulin 36), especially in post-theatrical windows (Harris 48; Silver and Alpert 61). However, they have to face the reality that old business models are eventually challenged (Aft and Renault 114), as constraints are lifted to give way to new models (McGrath 253). On the other hand, the concerns of exhibitors may be valid. These business developments demonstrate a movement away from the contemporary multiplex economy. Theatrical release used to be “the one” that generates income for films but with the rise of new platforms, it is now only one of the several revenue streams available (Moul and Shugan 80) and just accounts for about a sixth of a film’s profit (Lobato and Ryan 193). Theatrical release may still be the first in the hierarchy of release windows but it may no longer be the most lucrative (Crisp 29).

While on the one hand, exhibitors regard the Internet as a serious competitor to traditional media platforms (Harris 23), scholars and other content owners/ providers believe that online distribution also carries some benefits with it. First, the Internet serves as a digital archive of all uploaded content (Stepan 402), and thus provides audience with a variety of film choices and accessibility options (Tryon, “Reinventing” 108). Second, it functions as an efficient and more synergistic marketing strategy (Harris 48) rather than sales cannibalisation since the film will only need to be promoted once to cover all release formats, thereby reducing overhead and maintenance costs, and resulting in higher profits (Culkin and Randle 89-90; Silver and Alpert 61). Moreover, day-and-date release also helps in increasing audience awareness of the film’s ancillary markets (Balio, “New Millennium” 111; qtd. in Crisp 72-3). This is especially

advantageous to films that are struggling to get a theatrical release (Tryon, “Reinventing” 106) or reach a critical mass for a theatrical screening (Crisp 73). With all these changes stirring up the film distribution and exhibition system, there is undoubtedly a disruption in the film value chain. It is this digital disruption that is the more notable effect of technological developments in the film industry, rather than the innovation of business strategies, which are the industry’s responses to keeping the film value chain intact.

6.2.2. Shattered windows, broken gates

The digital disruption in the film value chain has created a domino effect of changes rooted in the industry’s fight against piracy. The development of new business models is a product of keeping up with the pirates’ ability to reproduce films at a very fast rate, which in turn has led to the collapse of the windowing system (Broderick, “Welcome;” Tryon, “On-demand” 179) and the fall of gatekeepers. This is the second set of characteristics of the digital turn in distribution.

Even before the simultaneous release strategy, the saturation release strategy has already been introduced in the mid-1970s (Lobato, “Mapping” 65). This means that a film is shown simultaneously in all theatres across the nation (Lobato, “Mapping” 65; C. Meissner 7; Wyatt, “Roadshowing” 83). The idea is hinged on saturating the market within the film’s first week of release (Culkin and Randle 82; Kerrigan 110; Stepan 402; Vogel 174-5) even before pirates could produce an illegal copy and also increasing box-office sales even before negative word-of-mouth sets in (Dixon, “Streaming” 36). In the Philippine context, this means that cinemas outside the national capital region will be able to screen the film on the same day that it opens in Manila. In a way, it removes the cinema tiering system of having second- or third-run cinemas, or for (smaller) cities in

the region, having to wait for their turn (Wyatt, “Roadshowing” 83). Hence, the day-and-date release is a step-up from the saturation release strategy by moving from simultaneous nationwide to a worldwide film release. Even back then, the saturation release strategy has already narrowed down the release windows but has kept the system hierarchy because the change only occurred within the theatrical window, which is on the top tier.

With the emergence of new business models, the interval between each release window is becoming shorter and narrower. The fast rate of pirated materials reaching the market has also speeded up the shrinking of windows, almost coming to a full closure (Iordanova, “Digital” 4-6; Pardo, “Big Screen” 31-2; Towse 455; Tryon, “Reinventing” 107). All forms of the film’s rights have to be exploited as soon as possible to maximise income in all platforms before piracy takes hold of the market (Gonzales). As release windows get shorter, so does the shelf life or screening life of a film (Acland 65). Content owners are now discovering the benefits of making their films available on multiple platforms simultaneously, if not with a much smaller gap from the prescribed hierarchy of traditional distribution windows (Iordanova, “Digital” 6). New and smaller players are especially enjoying this advantage since they always struggle to get their films seen in theatres (Tryon, “Reinventing” 178). New media technologies are therefore disempowering traditional distributors and exhibitors in three ways: by taking away their full control over the whole distribution and exhibition system (1, 5), by distributing this power among emerging platform providers and even to content owners, and by suppressing existing distribution models (Sparrow 1). Thus, these new platforms render the whole idea of windows as a time-based economic unit of film irrelevant (Harris 27) and ineffective (Wang 13). As Finney and Triana put it, “The windows system is breaking

up” (13; Finney 7). What used to be a sequential and hierarchical release pattern (Curtin et al 2; Stepan 400-1, 404, 407) that follows a linear structure of windowing (Blume 334; Lobato, “Shadow” 73) is now shifting to a “cyclical mode” in which audience members engage in “spreadable media” modalities (Atkinson 173; Ulin 31-3). The digital disruption in the film value chain has created a more dispersed and non-linear model of consumption (Pardo, “Big Screen” 34) that features overlapping and interchanging domains (Atkinson 173).

A good example to look at is the giant film outfit Star Cinema in the Philippines. During the 2015 Pinoy Media Congress, Skylight Films business unit head Enrico Santos presents Star Cinema’s old and new distribution patterns through a video. First, it describes the old model (See Figure 11) from about four to five years ago, which shows the sequential order of a film’s national and international theatrical release to its video

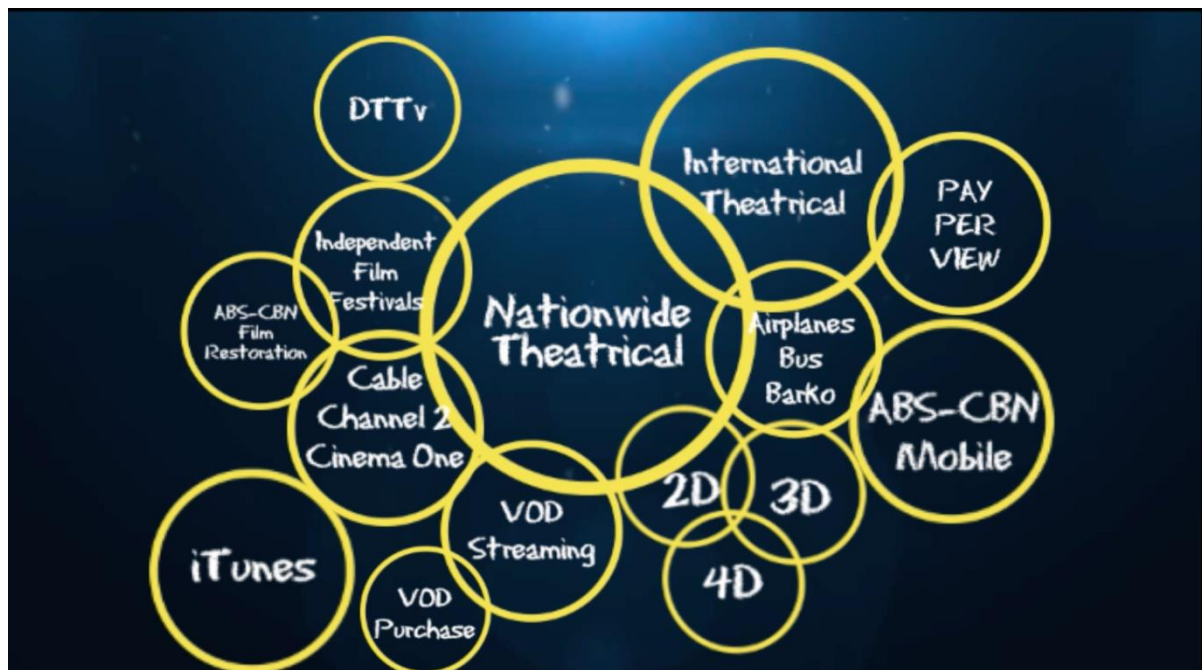
Figure 11. The (old) chronological window release pattern of Star Cinema



Source: Santos, Enrico. “The New Models of Creation and Distribution of Films.” *Pinoy Media Congress* presentation, 2015.

and on-board ancillary markets to cable television up to the last stage of free television viewing. Second, it explains the new/ current nonlinear model (See Figure 12) that shows how Star Cinema has discarded its linear distribution pattern to respond to its audience demands and needs by being there “where the audience want them to be, anytime, all the time.” The nationwide theatrical release still takes centre stage and occupies a big space but the film’s ancillary markets or subsequent releases such as international theatrical, pay-per-view, 2D, 3D, 4D, school film tour, (independent) film festivals, cable and free television, on-board entertainment, VOD streaming, VOD purchase (like iTunes), digital terrestrial TV, film restoration, straight-to-mobile viewing now surround the nationwide theatrical window. This shift in the distribution pattern signifies the shorter time gap in between each release that may also overlap with other release windows. In a way, the traditional release windows are shattered to give way to a nearly simultaneous release pattern of overlapping, interconnected rings.

Figure 12. The new release pattern of Star Cinema



Source: Santos, Enrico. “The New Models of Creation and Distribution of Films.” *Pinoy Media Congress* presentation, 2015.

The shrinking or rearrangement of release windows (Iordanova, “Digital” 5) is an indication of a power shift in the film value chain (Finney and Triana 15) caused by digital disruption (Pardo, “Big Screen” 24). The power and control is no longer concentrated in the hands of distributors and exhibitors but is somewhat distributed across the film value chain. New media technologies that created the emerging distribution platforms grant anyone the access and the power to distribute his/her own content by uploading this on the web at a considerably low cost (King, “Indie 2.0” 86). The Internet therefore defies the concept of having a gate and challenges the thought of having a gatekeeper at entry point (N. Meissner 454). This then gives the filmmaker a certain degree of control over the distribution process (Broderick, “Declaration”; N. Meissner 454) and shifts the power back from the distribution and exhibition side to the production side of the film value chain (Advincula). Power is somewhat regained by the content provider. It is no longer the one who has the (movie) house that rules but the one with content (Laviña). The redefined window system and customised consumption has reinstated the picture as king once again (Pardo, “Hollywood” 9-10).

With content creators having direct access to various distribution channels, they bypass conventional distribution models (Broderick, “Welcome;” Brynjolfsson et al 69; Harris 28; Heuman, “Independence” 143; Iordanova, “Digital” 7; Jenkins, “Cultural” 39; Knight, “DVD” 22-3; Silver and Alpert 62), especially the gatekeeping function of traditional commercial distributors (Harris 26; Knight and Thomas 268; Luckman and de Roeper). This means that content owners become their own distributors, and thus have control over their content (Harris 51; McQuire, “Impact” 51). Therefore, digital and online distribution removes the need for a middleman such as traditional distributors (Iordanova, “Digital” 12; Lobato, “Politics” 167; Silver and Alpert 61) and diminishes their

role as intermediaries (Heuman, “Independence” 143; Iordanova, “Digital” 3-4; Pardo, “Big Screen” 30). Technology strips them of their power and dethrones them. The cultural intermediaries that used to reign over the distribution system are eliminated in the process of digital disruption or what Iordanova refers to as the “process of disintermediation.” It obsolesces the intermediary in a supply chain by having direct access to content (“Digital” 3). Herein lies the paradox of digital disruption.

As technological developments and business innovations disrupt the film value chain, they also prevent, if not lessen, further interference from the layers of intermediation that used to dominate the industry as it moves to a “radicalized independence” of disintermediation (Heuman, “Independence” 143). Therefore, the disintermediation brought about by new media technologies also carries with it the destabilisation and democratisation (Jenkins et al, “Spreadable” xiii) of the film value chain. Since technology is readily available and new platforms are accessible to anyone, it destabilises the status quo of film distribution and exhibition (Atkinson 171, 174; C. Anderson, “Long;” Tryon, “Reinventing” 10), and thereby democratising the whole process (C. Anderson, “Longer” 54-5; Cunningham and Silver, “On-line” 59; Finney and Triana 159; Gubbins 70; Iordanova, “Digital” 23; King, “Indie 2.0” 117; McQuire, “Film” 500; N. Meissner 450, 454; Parks 1; Ravid 54-5; Tryon, “On-demand” 3; Ulin 43). There are two aspects to this democratisation. First, when films are available online, they are set free from the “tyranny of geography” (Iordanova, “Digital” 23) or physical space and becomes available across space and time with no boundaries. Second, new media technologies are breaking the chains that have held filmmakers captive in the hierarchical realm, who are always at the mercy of traditional distributors and exhibitors

with their inequitable terms and conditions (Broderick, “Welcome;” Iordanova, “Digital” 5).

Internet distribution expert Peter Broderick further illustrates the effects of disintermediation (Iordanova, “Digital” 5) that signifies a paradigm shift (C. Crofts 82; Pardo, “Big Screen” 27) of what he calls “old world” and “new world” distribution and differentiates them through a chart (See Table 9). The power-shifts and their effects are clearly seen to benefit both filmmakers and audience. They are granted more control, more choices, flexible terms and conditions, and given a direct access to each other. The core of Broderick’s argument is focused on the “hybrid” distribution model, a concept he has been developing since he coined the term in 2005 to help independent filmmakers distribute their films. He defines this model as a combination of direct sales by filmmakers and distribution by third parties, which include free TV broadcast, DVD, VOD, and educational distributors (“Declaration”).

Table 9. Peter Broderick’s contrastive chart of old and new world distribution

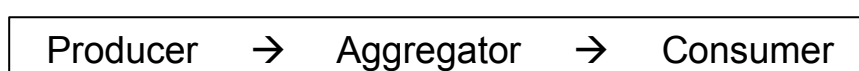
OLD WORLD DISTRIBUTION	NEW WORLD DISTRIBUTION
Distributor in Control	Filmmaker in Control
Overall Deal	Hybrid Approach
Fixed Release Plans	Flexible Release Strategies
Mass Audience	Core and Crossover Audiences
Rising Costs	Lower Costs
Viewers Reached thru Distributor	Direct Access to Viewers
Third Party Sales	Direct and Third Party Sales
Territory by Territory Distribution	Global Distribution
Cross-Collateralized Revenues	Separate Revenue Streams
Anonymous Consumers	True Fans

Source: Broderick, Peter. “Welcome to the New World of Distribution.”

In applying this innovative approach, it is crucial to determine what ends these new models serve and for which parties (Franklin 111-2). Hence, Broderick highlights the importance of splitting up all the film distribution rights and selling these to different distribution companies to create separate revenue streams (“Declaration;” “Welcome;” King, “Indie 2.0” 106). Filmmakers have to make use of the freedom generated by emerging distribution platforms, which could also mean being self-reliant by selling the films themselves. This highlights the idea that the old is not being replaced by a new distribution system. Rather, both platforms are working towards a collaborative practice that is part traditional and part DIY (do-it-yourself) or self-distribution (King, “Indie 2.0” 104, 110; Parks 57). Hence, I would like to emphasise that there is a meeting or a synergy between traditional and emerging platforms rather than a separation between the old- and the new-world distribution, where Heuman considers the latter being “a radical alternative discontinuous with the old” (“Independence” 142).

While Web 2.0 technologies provide an easier way for anyone to get his/her film seen by an audience, it is not as simple as it seems (Lobato, “Politics” 174). These emerging distribution platforms with their new business models have created new online distribution companies or what Stuart Cunningham and Jon Silver refer to as “disruptive innovators” (Gonring and Crisp 4), which in turn have brought about new players (Wallis 40) and what Angus Finney calls the “emerging film value chain” (Finney and Triana 21, See Figure 13). In this diagram, the disruptive innovators have given birth

Figure 13. Angus Finney’s emerging film value chain



Source: Finney and Triana. *The International Film Business* (21)

to content aggregators who replaced the traditional distributors and exhibitors to become the new intermediary (Brynjolfsson et al 70; Doyle, “Understanding 2nd” 158) or what Silver and Alpert dub as the “cybermediary” (63). An aggregator can be an individual or a company that collects a wide range of content and makes it available and easily accessible in one location (C. Anderson, “Longer” 88). If the traditional distributors and exhibitors control the theatres and number of screens, aggregators control the platform and content access and can command a critical mass (Aft and Renault 27; Finney and Triana 22, 70). They stand between the online platform and the licensor who could be a distributor or a content owner (Parks 80), and thus in a better position to negotiate better revenue sharing schemes (81). The new platforms have given rise to new gatekeepers (Lobato, “Politics” 175-6). The intermediaries have never really left (King, “Indie 2.0” 117). Their number has only been reduced but they still rule in the emerging film value chain (Hagel). This is why Pardo suggests that the focus of analysis should be about “a redefinition or a reinvention of the distributors’ strategies” instead of disintermediation because the intermediaries are still present, and power has only shifted from one set of gatekeepers to another (“Big Screen” 30).

Therefore, it is important to note and clarify that the intermediaries being declared as obsolete by Iordanova are the traditional distributors and exhibitors. Having a closer look at the emerging platforms reveals that there is only a tightening and simplification of the film value chain (Finney and Triana 22; King, “Indie 2.0” 86) and does not necessarily obliterate the whole intermediary function. It only means that the film reaches the audience at a faster rate with lesser intervention. The rise of smart mobile devices only makes it appear that content creators have a direct access to audience because the personal screen that consumers use camouflages the intermediaries, as it

provides a personalised mode of content delivery. In this sense, as the emerging platforms disrupt the film value chain, they may have *gatecrashed* into the scene but they have not totally broken the gates of distribution and exhibition. The gates have only been opened wider to accommodate more content creators, as they assign a new set of gatekeepers. The emerging platforms have not really shut the windows completely. In fact, new media technologies have made the notion of release windows more visible and complicated (Curtin et al 22) by adding a new window (Harris 24). They have just closed the old windows a bit, installed new ones, and opened the gates a little wider. As Netflix chief content officer Ted Sarandos describes it, “Focusing so much attention on the Internet is like nailing the upstairs windows shut but leaving the front door open” (Curtin et al 139).

6.2.3. The long-tail in the long run

Indeed, new media technologies have transformed the film distribution and exhibition business by opening up more avenues and bottlenecks (Harris 16) and fulfilling the digital promise of giving more access to producers and consumers by providing an easier and better bridging function between them. This means more opportunities for new and smaller players (Gubbins 77; Harris 51; Knight, “Alternative” 458, “DVD” 23; Simon et al 108; UNCTAD 164) who have been previously denied access to potential markets by the traditional gatekeepers (Sparrow 5) because their products are considered and perceived to cater only to niche market. These platforms grant that possibility of connecting those supposedly niche products and their niche audiences across the world at a faster rate primarily because the Internet holds that network or market reach that is global in scale by default (Knight and Thomas 271). It is the Internet’s capacity to store unlimited titles and its ability to aggregate dispersed

audiences across borders (C. Anderson, “Long;” Pardo, “Big Screen” 26) that augment the demand for films with niche markets (Franklin 110; Gubbins 68; Iordanova, “Digital” 8).

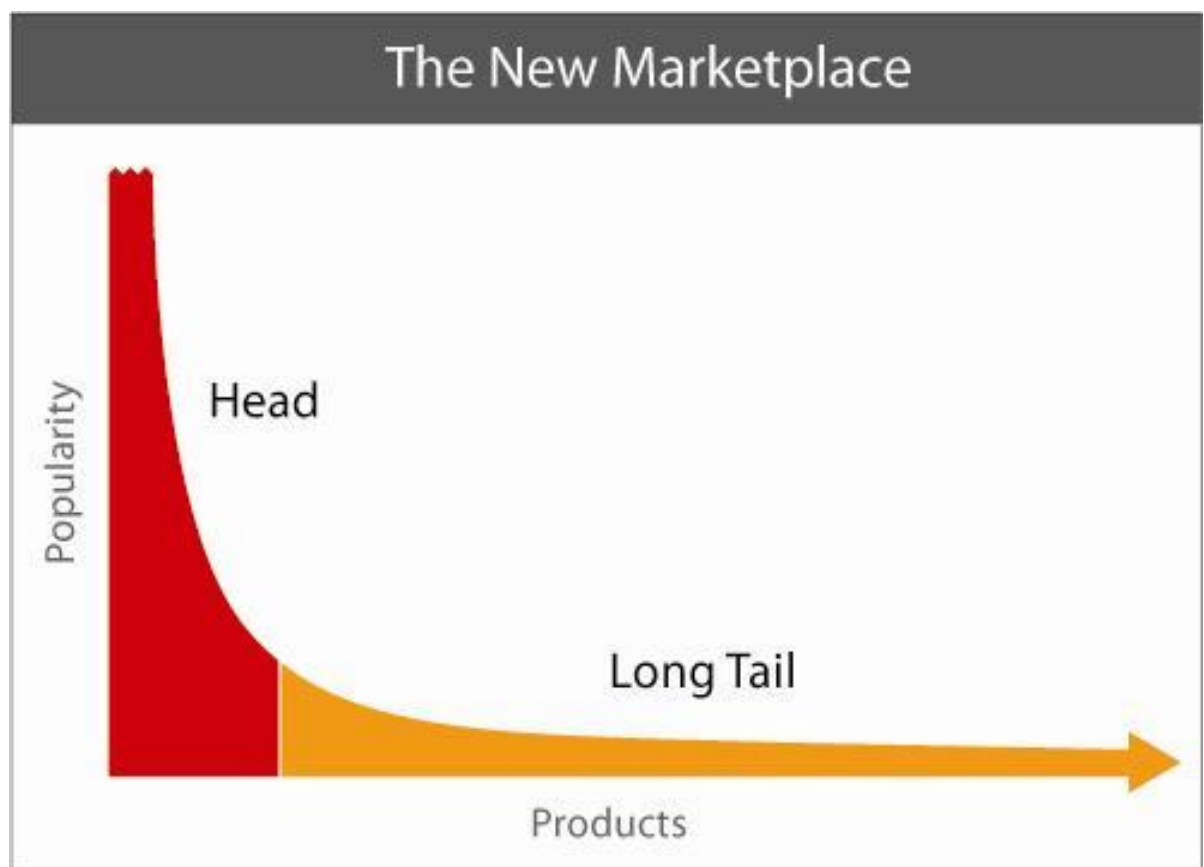
This is where the economics of online distribution comes in. It is anchored on what Chris Anderson calls the “long-tail theory,” which largely depicts how the new digital economy works (Pardo, “Hollywood” 2). The long-tail’s premise is centred on niche marketing, which posits that there are many available niche products (more than the hits or popular ones) that have not reached their target audiences because they have not been given the proper distribution avenue. The same goes for the market, which could not locate these niche products because they do not know where and how to access them. Hence, the long-tail distribution circuit provides the outlet that was never there for these niche titles (Lobato and Ryan 194) and connect them with the underdeveloped and underserved, if not unexplored, market.

For Anderson, there is a mismatch between demand and supply as delimited by the physical world in terms of time and space. For example, cinemas need to meet a minimum number of ticket buyers to break even, while video and music stores need to sell a minimum number of copies to pay off space rental and other overhead costs (De Valck 120). Anderson contrasts the online world with brick-and-mortar stores like Wal-Mart that operates under what he calls “hit-driven economics” (“Longer” 18). This is grounded on the Pareto principle, which dictates that 80% of the business income comes from only 20% of any given product (Finney and Triana 226). Hence, despite Wal-Mart’s extensive physical storage capacity, there is still a maximum limit to it, and it will prioritise to stock products that sell (Harris 25; Hirshberg 14). However, the emergence

of the new virtual market overthrows this conventional rule of consumer goods economics (Pardo, “Hollywood” 4).

According to Anderson, “Our culture and economy are increasingly shifting away from a focus on a relatively small number of hits (mainstream products and markets) at the head of the demand curve, and moving toward a huge number of niches in the tail” (“Longer” 52; qtd. in Luckman and de Roeper 2, see Figure 14). In the context of the film industry, the head of the sales curve is dominated by high sales of a small number of popular products, which are primarily Hollywood or other mainstream films and selected “high-profile” indie films. The curve drops sharply from the best sellers to having low sales from a big number of unpopular or even unheard-of products, which pertain to mostly independent and/or art house films. This is where the long tail is

Figure 14. Chris Anderson’s long-tail theory



Source: Anderson, Chris. www.longtail.com.

formed in the curve (King, “Indie 2.0” 118). This means that niche products like indie films are located at the tail’s end but because of its diversity and large quantity, the tail grows longer.

With the advent of new media technologies, these niche items or the “misses” in the traditional on-ground market become economically viable as mainstream products because the Internet has no restrictions in terms of storage or shelf space (C. Anderson, “Longer” 52). This results in having a maximum number of options while maintaining minimum stockholding costs and increasing profitability (UNCTAD 164-5). Therefore, online distribution platforms are not geared towards a marginal market but an emerging one whose value constantly increases (Finney and Triana 226; Pardo, “Digital” 331, “Hollywood” 4). This means that online circulation allows traditionally marginalised niche content to reach out to a global audience (Iordanova, “Digital” 7). Filmmakers can now abandon the idea of being hit-dominated and the search for a mass audience, and focus on targeting niche audiences (Harris 26). The long-tail model epitomises this online space as a growing area of film distribution (Luckman and de Roeper 2), as new business models shift their focus from mass to niche markets (Curtin et al 7) and as consumers leave the world of scarcity to move to a world of abundance (C. Anderson, “Long,” “Longer” 11, 18; King, “Indie 2.0” 116; Pardo, “Big Screen” 39; Tryon, “Reinventing” 96), if not superabundance (Knight, “Archiving” 67). This is what Anderson means by “selling less of more” in his book title—selling less of more popular products and selling more of less popular products to generate income. The long-tail model argues that in the long run, aggregating niche content and distributing this online will yield bigger profits than just selling blockbuster hits (C. Anderson, “Longer” 10; Buckland, “Measuring” 225; de Valck 119; Gubbins 87; Tryon, “On-demand” 3, “Reinventing” 96).

While the long-tail model sounds promising and plausible, some of its critics are challenging the theory's reliability and applicability to the real world because of insufficient data to support Anderson's claims. As a way of testing the long-tail theory, Elberse and Oberholzer-Gee have conducted an empirical study on the income distribution of products in the American home video industry between 2000 and 2005. Their findings suggest that there is a long-tail effect on some titles that have increasing weekly sales but there is also a rapid increase in the number of non-selling titles. This means that it is still the (few) popular titles that account for majority of the sale while the "underdog" titles appear to be losers (1). Hence, their study indicates that the tail is not just long but it is also flat ("Invest" 94, "Response"; Pardo, "Hollywood" 4). And as the number of titles increases, the tail grows longer; and as more titles do not generate sales, the tail also becomes flatter (Elberse and Oberholzer-Gee 2). Therefore, Elberse concludes that the long-tail theory does not really work and is not as profitable as predicted because despite the availability of niche titles, sales is still concentrated at the best-selling titles that lie at the head of the distribution curve ("Invest" 92). As Pardo also notes, "hits will always be hits" ("Hollywood" 5).

With the long-tail model making an abundance of content available online and providing more choices, product competition between hits and niches increases and becomes even tighter among the niches. Another problem is that new media technologies allow new films to be released faster than people learn about them (Franklin 110). Hence, while making the product available is an important first step, making it visible and known to consumers online or offline is also a critical next step (Knight, "DVD" 34), which means that marketing and promoting the film becomes just as important (Brynjolfsson et al 67; Knight, "Alternative" 461). However, Kerrigan notes

that film marketing in the digital age cannot be just “marketing as numbers;” rather, a film must develop its own audience that matches the type of film with its target audience (209). Otherwise, these products, especially smaller independent films, are just shelved and will be lost in the massive VOD online library (Crisp 73), and thus will be difficult to sell or will not sell at all. Persuading and engaging audiences to watch these films largely depend on their visibility (Knight, “DVD” 38). Therefore, it is also not good to overestimate the benefits that new media technologies bring because making the work available (online) does not follow that it is equally available or accessible. There will always be titles that are marginalised (“Alternative” 461).

On the one hand, the Internet is regarded as an alternative to the theatrical distribution platform (Finney and Triana 158; Kerrigan 200; Tryon, “On-demand” 141) and overcrowded independent film marketplace (Tryon, “On-demand” 166, “Reinventing” 96), in the same way that the niche-centric long-tail is an alternative to the blockbuster-dominated model (Franklin 111), which is said to help independent filmmakers reach their audiences (Knight, “Archiving” 66). On the other hand, the reality of the long-tail theory is that majority of the films will not be publicly visible (at least not easily), and it is those popular titles (at the head) that will thrive in the market (Frodon 207). Therefore, if the counter argument against the long-tail theory is true, then it means that the big players are still the ones that dominate the market whether the distribution platform is online or offline.

In this sense, new or independent players only benefit in a small way by getting access to the online distribution platform. Whether or not the film reaches an audience or hits a critical mass is another issue altogether. The presence of online distribution platforms also does not guarantee any filmmaker an immediate access or that the film

will be distributed online. As discussed earlier, there are content aggregators who (still) function as gatekeepers, and they choose what films would be included in their library. Hence, these new intermediaries reinforce the same business practices as that of the traditional distribution system, only in a more complex dynamics because it is using a different platform but the politics remain the same. Since they hold the power to aggregate content, they profit from the sheer number of content that they aggregate and put on offer (Crisp 74). As Anderson claims, “Combine enough nonhits on the Long Tail and you’ve got a market bigger than the hits” (“Long”). This is true for the online distribution companies but it leaves content creators or small independent players at the losing end (once again) because if each content only sells one or two copies or has a couple of VOD transaction, it would not make any significant income contribution for the independent filmmaker.

The long-tail theory is developed to give a big picture of the potential of the new online distribution platform. However, it appears to be focusing on and coming from the perspective of the big companies because most case studies that are used involve big companies that have high purchasing power to buy in bulk. This partial monetisation of content in the long-tail may be insufficient to sustain the indies’ operations or to fund another film project. This is why Tryon claims that the long-tail model proves to be more lucrative for content aggregators and online distribution companies (“On-demand” 141) because they can add up all their sales from both hits and niches and make a considerable amount of profit. Hence, Anita Campbell is asking if it is time to “chuck the long-tail theory” because it might just not work for smaller companies when it is supposed to level the playing field for niche products.

Content aggregation is a game of numbers. The competition lies in the number of titles that aggregators or companies have in their library, with the objective of offering more choices to the consumers and with the hope that more popular titles drive up their sales. However, since there is always uncertainty in the film industry business (Pardo, “Hollywood” 11), long-tail products may suddenly become unexpected hits and move up to the head of the curve. Non-hits do not stay in the tail permanently because some of these niche products might suddenly sell a lot. Similarly, those in the head may reach their sales peak and become former hits that will eventually join the tail (Elberse, “Invest” 90) to give way for new hits to be placed in the head of the distribution curve. As such, the long-tail is not necessarily flat and can be described to have some spikes because of the dynamic market movement. Hence, for Rajaraman, the more important question to ask is how the products in the head or in the tail get into their respective places. The product’s position in the head or tail is not static contrary to what the Pareto principle says (Sanders 48-9). Rather, it is dynamic and constantly moving depending on its sales performance. It may stay as a niche product or it may move up to become a popular hit. This points back to my argument in Chapter Three that whatever is considered as indie or niche is actually a part of the film business cycle. It is possible then that the long-tail model is just a transitional theory for the emerging market or while waiting for the long-tail market to develop itself to become a head.

While the long-tail model guarantees a distribution channel for the film, the online platform still does not ascertain that the film will actually reach or connect to an audience, or a paying audience for that matter. In other words, even in the potentially exciting long-tailed world, the uncertainty element is still there (Harris 29). Hence, there is no proof that the new business models of online distribution will cannibalise the old

ones (Pardo, “Hollywood” 11). The new challenge then is how to manage this uncertainty and adjust and adapt to the changes created by digital disruption and the emerging film value chain (Franklin 112).

Inasmuch as the digital turn in distribution is about discovering new business models, it is also about developing the audience. When the mode of content delivery or the distribution platform changes, the way that content will be received or consumed also changes. Any adjustments made in distribution will definitely affect exhibition and consumption. Hence, the power shift discussed earlier does not just happen at the level of film production but also in terms of consumption. The power also shifts to the audience as more choices become available, and thereby changing the relationship between audience and content in the long run (Gubbins 67, 69; Pardo, “Big Screen” 25). At the same time, the on-demand culture grows and creates new consumer viewing habits while forming new audience behaviour and attitudes towards content ownership, discovery, and value of storage (Pardo, “Big Screen” 31). To put it succinctly, the digital turn in film distribution is characterised by two movements: (1) the emergence of new business models and online platforms, which have led to the opening of new windows for content exploitation that are anchored on the long-tail markets, and (2) the arrival of a new type of consumer known as the “i-generation or net-generation” (Pardo, “Big Screen” 29, “Hollywood” 2). Given these technological developments in film distribution, the next important question to address is: How does the digital turn in distribution affect exhibition?

6.3. Digital turn in exhibition

6.3.1. The shift to digital cinema

The digital turn in exhibition is twofold. First is the technological shift from analogue to digital in the big screen. It is marked by the transition period of switching from photochemical or physical projection to digital projection (Kiwitt 15). It is also known as the birth of digital cinema (d-cinema) exhibition. It is the process of projecting audiovisual content using digital data instead of the traditional celluloid format (Aveyard 192; Culkin and Randle 81; Eliashberg 150; McQuire, “Film” 493; Ulin 124; Wasko, “Hollywood Works” 122) or the movement of film projection from reels to hard drives. However, the digital turn in exhibition raises an initial barrier of the standardisation of file format, image resolution, and an agreed specification for international interoperability (C. Crofts 7), including equipment and software (McQuire, “Film” 498). This is why in March 2002, the six major Hollywood studios (Disney, Fox, Paramount, Sony Pictures Entertainment, Universal, and Warner Bros. Studios) established the Digital Cinema Initiatives, LLC (DCI), a joint venture that aims to establish a common standard for digital cinema operations globally (DCI).

Henceforth, the industry standard known as the Digital Cinema Package (DCP) was born. In lieu of a film print or reel, each film is given a DCP that serves as the film’s hard drive containing its set of digital files. The DCP is then ingested into the theatre’s digital cinema server for calibration, and then will require a series of encryption codes called Key Delivery Message (KDM) to unlock the files for digital projection. The KDM encryption is a collection of digital certificates encrypted into a small file and sent to the exhibitors via email. The KDM is d-cinema’s security measure against theft and piracy and provides a three-way security system for the film (Allen). It only works for its

assigned content on a specific server under a specific time frame (Advincula; C. Crofts 5; Dixon, "Streaming" 18-9; Haritou 54; Ibañez; Leosala). Hence, the promise of d-cinema is attractive. For distributors, it will eliminate the production of costly film prints, reduce advertising cost, and removes the need for physical delivery (Culkin and Randle 86; Eliashberg 151; Knight and Thomas 268; Silver and Alpert 64). For exhibitors, the digital turn in exhibition requires less human input (Culkin and Randle 96) because it no longer needs a projectionist to attend to the projector and change reels (80; Leosala). It also allows them to program their pre-feature advertising playlist via a computer instead of assembling platters manually and offers them flexible programming options where they can easily pull out any movie that is not performing at the box office and increase the number of screens of a top grossing film without waiting for extra prints to be delivered (McQuire, "Film" 499). This is a good sign since power and control seem to shift back to them (Silver and Alpert 64).

While the benefits of digital cinema seem to outweigh those of traditional cinema, installation costs are exorbitant (Tryon, "Reboot" 434). For instance, it is estimated that the cost of a digital projector would take seven to ten years to write off (Aveyard 193; Culkin and Randle 96). Also, smaller players like art house and independent theatres will financially struggle to shift to digital projection that quickly (Tryon, "Reboot" 435). Hence, the global shift to d-cinema has been gradual (Culkin and Randle 91).

It is evident that the driving force of the digital turn in exhibition has come from inside the industry because third-party entrepreneurs do not see any novelty value for d-cinema (Belton 104; Culkin et al 161). Film purists also believe that there is no significant increase in quality, and it could even be a grade lower than what celluloid offers. In fact, there has been a steady decline of annual movie attendance because

moviegoers have chosen to watch content at home (Silver and McDonnell 492). While there is a rise in theatre revenue during the digital turn, it is attributed to higher ticket prices and not ticket sales (Finney and Triana 156). On the contrary, some Philippine exhibitors are claiming that attendance in movie houses are not really declining. They even believe that it has actually increased despite the costly tickets (Abrogar; Advincula). However, in cases where there is an actual attendance decline for a theatre in a particular location, it is primarily attributed to having another exhibitor opening a new cinema in that vicinity. So if the attendance in the whole area will be tallied, it will even show an improvement in attendance (Advincula).

Since the start of 2015, nearly all cinemas have gone fully digital in the Philippines (Advincula; Ibañez) and across the world (Allen). Now that d-cinema has successfully arrived in the industry, how then does it compete with the cheaper rates and on-the-go/as-you-go entertainment that VOD brings and offers vis-à-vis d-cinema's schedule-based screening and increasing ticket prices? According to Tryon, platform mobility devalues screen culture by making viewers watch on a small screen and minimising the full immersive experience of movie going. Theatre exhibitors often depict "mobile technologies as offering an incomplete experience" ("On-demand" 174). Hence, the most common argument is grounded on the cinematic experience that the big screen provides, which sets it apart from home-based or personal movie viewing (Corbett 31; Cunningham and Silver, "Screen" 103). Exhibitors must therefore utilise new technologies to adapt to the digital era to strengthen the competitive advantage and maintain the status quo of theatrical release as the preferred and prioritised film exhibition avenue (Pardo, "Big Screen" 33). They need to enhance cinema's unique selling proposition that is hooked on the authentic experience of movie watching and it

being an event (39; Gubbins 79). For instance, the IMAX technology immerses its audience in the grandeur and spectacle of the theatre experience—something that cannot be replicated by personal or home viewing (Kerrigan 198; Silver and McDonnell 497). The installation of surround sound system is also another added-value proposition to release the full impact of spectacular sound effects (McQuire, “Impact” 43-5).

Back in the early days of stand-alone cinemas, film exhibition was about the venue or location that was somewhat an architectural competition of class and prestige. However, with the rise of malls and digital cinema, it is now a battle of technological sophistication—a race as to who will be the first to showcase the latest state-of-the-art technology in film exhibition. For Pardo, these technological developments are transforming the industry and the market faster and bigger than ever imagined (“Big Screen” 23; “Hollywood” 1). However, Belton disagrees and declares that d-cinema is a false revolution because it does not really transform the nature of the motion picture experience of the viewers (“Digital” 104; Culkin et al 161). Belton believes that for cinema to be truly digital, “it must be digital for the audience as well” (“Digital” 105). At its present state, the digital advantage has not been fully exploited in the theatre and does not provide that sense of digital empowerment to the audience (105). Thus, Belton sees these technological enhancements as insufficient to equate to the transformation of (digital) cinema.

6.3.2. The rise of online cinema

The second part of the digital turn in exhibition is characterised by a competition for audience’s attention between the big screen and the small screen. While no permanent shift has occurred between the screen sizes yet, there is the small screen’s impending takeover of the big screen. This is likely to happen especially if they offer

something new and better than the original service at a more affordable price and since these small screens are considered as viable product substitutes for movie theatres (Gomery, "Shared Pleasures" 84; Corbett 29). They have also been increasing in number because of the diffusion of home theatres and mostly compact devices that give content access to consumers (Silver and McDonnell 493-4). The existence of small screens means that the traditional exhibitors who have movie houses are being removed from the picture because any gadget with a screen that the audience uses to consume the online content becomes the exhibition platform. Instead of the theatre, the smart device is now the medium that mediates between the film text and the audience. This new format of digital delivery is the world of online cinema and is positioned as the future of media consumption (Tryon, "On-demand" 177). Hence, cinema's new tag is: "Coming soon to a computer near you" (18).

These two developments in the digital turn in exhibition have now altered the social and cultural roles of cinema (Tryon, "On-demand" 7; "Reinventing" 176-7). With the rise of on-demand culture, VOD models, and smart mobile gadgets, people have been opting to see a movie through their television or any portable device at the comfort of their own space at their convenient time. Platform mobility is thus shaping the consumer's changing social behaviour and economic practices (Tryon, "On-demand" 176). The shift from the big screen to the small screen has turned the social activity of movie watching into a personal activity. It removes cinema's event status and emphasises the immediacy of movie watching ("Reinventing" 111) and consumer choice and convenience (109), thereby producing more active audiences in the process ("On-demand" 176). The sense of community that cinema has created is gradually fading (Dixon, "Reasons" 365). What used to be part of the social space is now becoming a

personal space. Film then becomes a misnomer in this new environment (Culkin and Randle 81). As film gets viewed and fits on any screen size, and as old and new media begin to coexist, the line and space between film and TV or any other form of audiovisual content becomes blurred and less evident (Iordanova, "Digital" 9; Kerrigan 195). Soon, films playing on the big screen might become the exception rather than the rule (Elsaesser 246; Lobato, "Invisible" 165; McQuire, "Impact" 41). Does this mean that online cinema will eventually kill on-ground cinema despite having gone digital?

Much has been said about the moribund state of (traditional) cinema because of digital convergence. It has always been reported dying or even pronounced dead but is also being reborn all the time (Dixon, "Reasons" 366). Corbett believes that as long as people feel the desire or need to get out of the house to simply be with other people, they will continue to flock the theatres (32). As Dixon proclaims, "cinema will live forever" ("Reasons" 365). The allusion of death here does not necessarily refer to the obsolescence of the movie theatres or big screen. It is about the technological shift that will presumably end cinema the way people know it (Dixon, "Reasons" 365). However, this is not purely about the migration from large screen to small screen (McQuire, "Impact" 57). More than the material death of cinema, it also has to do with the question of loss of value—how digital delivery has modified not just the economics of film business but also the perceived value of film itself (Tryon, "On-demand" 18, 31, 164, 178). Specifically, it pertains to the value of the theatrical release window. As discussed in the previous chapter, the window release system is a business structure that provides the consumption assessment and economic valuation of a film's performance or audience reception, while film reviews and audience feedback provide the quality assessment and create the cultural valuation of a film.

The windowing system assigns the highest value to theatrical release because of its ability to amass big and fast economic returns from monetising the film. Hence, it is on the top tier. The (economic) value of a film then diminishes as it goes through the subsequent windows, in the same way that the “film’s prints age and deteriorate through use” (Verhoeven 245). The same applies to film reproduction. The value of a copy is “less than the original and declines further with the number reproduced” and “leads to degradation of the product” (UNCTAD 163). This is why premiere-night tickets are priced higher than regular ones because premiere-night audiences get to watch the film ahead of others even if the screening is just a day or few days before the film’s opening day. The premiere night increases the film’s economic value by granting audiences a privileged advance access to the film. This means that as the film moves through each window, its newness and uniqueness taper off. The film (product) grows old as it becomes more exposed to the public up to the time when it becomes available for free viewing, which also includes piracy. The distribution of pirated copies either online (downloading or peer-to-peer file sharing sites) or offline (DVDs) also reduces the value of the “original” (Stepan 407). By the time the film reaches the end of its release window, it has lost its full economic value.

As Gubbins notes, “The dispersion of content across a wide number of channels, catch-up services and on-line platforms, reduces the audience for film on any single channel and reduces its attractiveness to advertisers” (74). Therefore the ubiquity of a film online reduces the film’s (theatrical) value, provides no compelling reason for audiences to see a movie on the big screen, and does not extend any additional incentive to purchase those expensive DVDs or Blu-Rays (Tryon, “On-demand” 10). On the other hand, depending on how the film is received or perceived to be of “quality” by

audiences, film critics and experts, or through film festival recognitions, the film's cultural value may actually increase over time. Hence, as technology disrupts the film value chain, it also destabilises the film's value creation.

The debate over the film's cultural and economic valuation or devaluation in relation to the digital turn in film distribution and exhibition (Curtin et al 4) will continue over the years, as discussion on the value of online rights is addressed at the industry level (Harris 38). This means that it should include the independent sector. At present, the discussion is framed from the perspective of the mainstream (King, "Indie 2.0" 117) or the big hits once again. From the point of view of independent filmmakers however, the same question remains. If right from the start, an independent film that does not have access to theatrical release is already pegged to have low value, does the devaluation premise of digital delivery apply to an indie film; or does it increase the indie film's cultural value and economic value by being more accessible? Does online cinema create a new value for indie filmmakers?

6.4. Emerging distribution/exhibition platforms and the Filipino indie

Having discussed the arising issues and other implications in the digital turn in distribution and exhibition, this section looks at the present state of the Philippine film industry as it continues to tread the digital path in relation to independent filmmaking. This section only provides an overview of the industry's digital landscape since online distribution is still in its infancy stage across the world (Crisp 67; Dixon, "Reasons" 359; Gubbins 95; Pardo, "Big Screen" 41) but more so in the Philippines. Entrepreneurs and venture capitalists are adamant to proceed in setting up online platforms since there is

little proof of economic success in terms of VOD revenues (Pardo, “Big Screen” 34) and that makes it difficult to predict future progress (41). Hence, there has been a rather late uptake of content streaming in the Philippines. The succeeding company profiles are just some of the online platforms that offer audiovisual content (television programs and/or films) by adopting the TVOD and SVOD business models. This is summarised in Table 10.

A more recent development is the movie app called MovieClub, which users can freely download to any Android-run devices. However, it is only accessible in the Philippines and geo-blocked everywhere else. The application offers a wide range of titles— mostly Filipino but also include foreign films, both commercial and independent. It claims to be the first of its kind to stream free media content in the country. It adopts an AVOD business model where non-skippable 30-second spots play before the film starts.

Before the arrival of Netflix in the Philippines, bigger companies like Blink, Hooq, and Iflix were set to compete among themselves in conquering the online space in the country. Blink is a video-on-demand and live streaming platform that operates under OMNI Digital Media Ventures, Inc. and is affiliated with Solar Entertainment Corporation (Pedregosa). Hooq is a start-up joint venture of Singapore-based telecommunication company Singtel, Sony Pictures Television, and Warner Bros. Entertainment. It claims to be Asia’s first VOD service (Veletes). Iflix is a partnership between investment firms Catcha group and Evolution Media Capital. It is positioned as Southeast Asia’s leading Internet TV service provider that offers an unlimited access to its library of more than 10,000 hours’ worth of content (“Unli”). However, these three players have not disregarded the idea that Netflix would enter the local market one day. In fact, Hooq co-founder and chief content and distribution officer Krishnan Rajagopalan has expressed

Table 10: Summarised list of selected online platforms in the Philippines

Name	Date established	Content offering	Business model	Description/ details
Tfc.tv ¹	July 2005	TV shows, movies, news, live broadcast	SVOD	Lite: USD 7.95 per month (limited access) Premium: USD 12.95 per month (unlimited access)
Mypinoy.tv ²	1 August 2009	TV shows, movies, basketball games, live events	Freemium	Basic: Free, limited content access with in-video ads Premium: USD 2.99 per month (more content choices, ad-free)
Clickplay.ph ³ (Defunct)	February 2013	Hollywood hits	TVOD	Old releases: PhP 60 (USD 1.2) per title New releases: PhP 100 (USD 2) per title
Blink ⁴	October 2013	Hollywood hits, TV series, Solar's live TV channels	TVOD (for movies) and SVOD (for TV series)	PhP 60 / 99 / 150 (USD 1.2 / 1.98 / 3) per title PhP 125 (USD 2.5) per month PhP 1,188 (USD 23.76) for one year of unlimited TV series and select movies
Taranoodtayo.tv ⁵	7 July 2014	Filipino TV shows, indie films & derbies	TVOD	USD 10 minimum credit, USD 1 per title (available for viewing within 24 hours)
Hooq ⁶	February 2015	30,000+ hours of TV series and films worldwide	SVOD	PhP 149 / 299 / 499 (USD 2.98 / 5.98 / 9.98) per month across different data allocation plan

Table 10: Summarised list of selected online platforms in the Philippines (cont'd.)

Name	Date established	Content offering	Business model	Description/ details
Iflix ⁷	1 August 2014	10,000+ hours of TV series and films worldwide	SVOD	PhP 129 (USD 2.58) per month PhP 1,300 (USD 26) per year
Cinetropa ⁸	July 2015	Philippine feature films and document-aries	TVOD (SVOD coming soon)	Philippines: Starts at PhP 190 (USD 3.8) Outside the Philippines: USD 3.99 / 4.99 / 5.99 per title
Netflix (Philippines) ⁹	January 2016	125 million+ hours of TV shows, movies, document-aries, original series	SVOD	Monthly subscription rate: Basic: PhP 370 (USD 7.4) Standard: PhP 460 (USD 9.2) Premium: PhP 550 (USD 11)

*Sources:*¹ <http://tfc.tv/Help/Index>² <http://mypinoy.tv/support/>³ dela Cruz, Sherwin⁴ <http://www.blink-now.com/static.aspx?page=faq>⁵ Almendralejo, Albert; <http://taranoodtayo.tv>⁶ <http://hooq.desk.com>⁷ <http://iflix.com>⁸ <http://cinetropa.com>⁹ <http://netflix.com/ph/>

his excitement regarding Netflix' arrival, as it is actually going to increase brand and category awareness in the market. Hence, Hooq and Iflix have pre-empted Netflix entry by operating their platforms relatively early enough to gain a foothold and significant ground on any new players (T. Campbell). Indeed, buying some lead-time to create that

competitive advantage is how one prepares for the big fight with a giant in content delivery warfare.

The recent arrival of Netflix in the Philippines is expected to increase competition, as it becomes a byword of online entertainment. It is set to boost the online content market by more than 81 million customers around the world with its unbeatable offering of over 125 million hours' worth of television shows, movies, documentaries, and original series in its library ("Netflix"). As these three big players battle it out in the online arena, the more important part of the preparation is having a deep understanding of the market and consumer behaviour such that their selected business models can address and respond to the market accordingly. As Rajagopalan explains, one does not just emulate the SVOD model of other companies. It has "to innovate heavily to ensure regional adaptation and success" (T. Campbell).

Looking at Hooq, Iflix, and the defunct clickplay.ph more closely, their business strategy is anchored on partnering with big telecommunication companies instead of being a "pure" or standalone online distribution company like Netflix. The idea that the Internet is 'free' and that everything in it is free has led people to believe that they do not need to pay for online content (dela Cruz). This is especially true for a developing country like the Philippines. If one could have free access to any content, the (technical) quality of the material does not matter for most people who simply want to watch for free. Through the online platform, these companies intend to change this mentality or consumer behaviour (C. Anderson "Long;" Brynjolfsson et al 67) by conditioning them to respect intellectual property rights and pay for (online) content (dela Cruz). The big question is how.

Hooq's Rajagopalan describes the characteristics of the Philippine market: (1) it runs on a cash economy where many people do not have bank accounts and net banking, (2) there is no guarantee of high-level internet connectivity, (3) around 80-90% of mobile users in the country are on pre-paid plans who have very low credit balances and only top up on a weekly basis (T. Campbell). Just like any other new venture that goes through a process of birthing pains, the content-streaming business in the Philippines has to overcome these barriers that are mostly technological and economic issues. Hence, the strategic partnership of Hooq and Iflix with telecom companies is geared towards bundled packages tied to the subscribers' existing data plans either as freebies or add-on services. Also, as new entrants, content streaming sites are banking on the existing market share of the telecoms' subscribers. For example, Iflix ties up with the country's telecommunication giant Philippine Long Distance Telephone (PLDT) Company, which has 85% market share in the telecom industry. As such, Iflix will immediately hold this market captive by being partners. This collaboration was further strengthened when PLDT Home subscribers were given a one-year free Iflix subscription bundled with their existing service, while PLDT's subsidiaries Smart, Sun, and TNT subscribers received a three-month free Iflix subscription as part of their existing plans (Barrientos; "Unli"). The same goes for Hooq, which gets the market share of Globe Telecom (T. Campbell; Villagrancia). This is why Blink is not as "popular" or as successful in terms of penetrating the market even if it has entered the online territory earlier. However, from the perspective of its competitor, dela Cruz thinks that Blink follows HBO's traditional model. It owns some space in TV, some in cable, and now in VOD. His analysis is that Blink just wants its foot in the market but it will have to alienate and cannibalise its other businesses if the management really wants Blink to work out. This is

why HBO has stayed in its realm and Netflix conquered the VOD space. Meanwhile, the consumer reception or success of Netflix in the Philippines is still something to look out for.

On the other hand, the content-streaming business partnership with the telecoms has also redefined competition among them. Digital marketing executive Carlo Ople claims that content and payment processing systems have now become part of their business model. By offering a good selection in their content-streaming services, more people are hooked into buying premium content and make them spend more for data consumption. Hence, everybody is now engaged in the contents war. Unlike traditional television broadcast, the online space is not going to be a battle for top ratings. It is not about how many people have seen a particular title. The online platform is about the size of its library (dela Cruz). Hence, these companies emphasise how many hours' worth of content are available in their library when they promote their services. The service provider's number of subscribers only comes secondary. However, Sarandos notes that the content-streaming business is not about online platforms competing with one another; rather, their greatest challenge is to win over the consumer's time and attention (Curtin et al 140) because everything is now on-demand and there are just too many available choices.

Almost all the examples listed above demonstrate that the long-tail market exists and that it is indeed very long. However, it also shows that majority of them have only accommodated the popular or hit films in their library. Hence, it is both proving and disproving Chris Anderson's theory. With the rise of new online distribution companies, it is likely that the burgeoning VOD industry is creating a new face of oligopoly (Lobato, "Politics" 176). Nonetheless, many scholars and practitioners still claim that digital or

online distribution is the viable alternative to a theatrical release for independent filmmakers, although this has yet to be tested and proven (Lobato, “Politics” 169). Indie players still hold on to the belief that Internet could revolutionise film distribution for them (Doyle, “Understanding 1st” 117) primarily because new technologies have lowered the entry barriers to distribute their works (Finney and Triana 20; Heuman, “Independence” 143; Silver and Alpert 62) and have somewhat levelled the playing field (Iordanova, “Digital” 21; Tryon, “On-demand” 3, “Reinventing” 94). While the majors may still exercise a degree of control in theatrical distribution, they may have little hand in barring independently produced content from getting online presence (Iordanova, “Digital” 7).

While online distribution formal market is very small (Cunningham and Silver, “On-line” 33, “Screen” 33; Pedregosa) and only represents a fraction of the income coming from traditional ancillary distribution (Ulin 46), it is the fastest growing distribution platform (Aft and Renault 25). Hence, any significant player that comes in can make a big difference in the market. While some online platforms have already included indie films in their catalogue, these are relatively smaller players like Taranoodtayo.tv and Cinetropa, which have a very limited listing. In fact, it is too small that it somehow goes against the idea of the Internet having an unlimited storage space. However, these are really considered as small start-up businesses with the primary objective of helping indie filmmakers and promoting Philippine cinema. Making a profit comes secondary for them.

Cinetropa is a US-based content-streaming site that is established by Tuko Film Productions to provide more exposure for Filipino filmmakers and their films on a global scale. It is still in the process of aggregating content, which mostly include independently

produced Filipino feature films and documentaries. It adopts a TVOD business model, and each film is priced twice or three times higher than that of its competitors. This is primarily because it offers a revenue-sharing scheme to content owners to help them sustain their filmmaking passion and possibly help them embark on a new project (“Cinetropa”). This model is an innovative approach because it acknowledges and gives value to the creators, which in the long term could recalibrate the relationship of content owners and distributors since both parties win (Harris 39).

On the other hand, bigger players like Hooq and Iflix have already included a number of Filipino independent films in its catalogue (Esteves; O. Cruz) although these are relatively the “popular” ones, while Blink is still in the process of including independent films in their library. Iflix country manager Sherwin dela Cruz affirms that its platform will empower the indie filmmakers “because they will have an audience inside Iflix.” He further asserts that Iflix ultimately wants to be the solution for independents and “let them see that they have an immediate and instant distribution channel through Iflix.” According to Blink operations and business support system manager Marvin Pedregosa, “it’s in the natural order of things to explore indie” after accommodating the big hits. By “natural order,” he means that the company will naturally not go for “untested” or no-hit guarantee content. There is already enough uncertainty in the market, and no one wants to increase this any further.

On the one hand, the handiwork of aggregators or intermediaries can be at work here in blocking independents from entering the online market. On the other, it can also be the filmmakers’ conscious decision of not making their works available (Knight, “Archiving” 67). It is also possible that the material may not be appropriate for the online market (“DVD” 38). However, this may lead to what Claudy op den Kamp call as

“digital skew,” where “only the work that is digitised is remembered and viewed, and work that is not available online is ultimately marginalised and forgotten” (Crisp 73). Most of the time however, it is a business decision. From the experience of dela Cruz, independents tend to sell their work at a higher price, and from the entrepreneurial standpoint, online distributors will not buy this because it does not make any business sense to purchase one item for the price of a thousand. This again raises the indie filmmaker’s issue of not having the bargaining power to sell in bulk, unlike the major players. Moreover, there are other costs that distributors have to absorb such as marketing and promotion of the material (Knight, “Alternative” 459). It is not feasible for them to buy it at a high cost because it will compromise the company’s financial standing and risk making the creative work more difficult to access (Knight and Thomas 272).

The idea that online film distribution can help independent filmmakers sustain their craft or even the sector is not far-fetched. However, there is no empirical study to prove or disprove this yet, especially in the Philippines. This impression is made under the value proposition that filmmakers can earn from their films on an ongoing basis (Harris 39). Just like the promise of the unlimited space in the long-tail market, there is also no limit to making profit because there is no due date. Film curator Jeannette Hereniko of the online platform Alexander Street Press also confirms that online distribution is something to explore but it is important not to have false expectation. It will not make anybody rich (at least at this stage) but “it’s a nice steady income that you can count on every six months.”

The future of online distribution is promising even if the new business models are not set in stone yet. Although there is a clear indication of its forward movement

towards online cinema, there is not enough data to evaluate its effectiveness (Stepan 406), and thus, it is premature to give a definitive or conclusive remark about its growth pattern. Digital technology alone is not enough to develop audiences. It is also crucial to focus on utilising strategies that will reach the target audience and address the sustainability issue of the independent players (Knight, "DVD" 38). Hence at this point, it is important to note other factors in tracking and assessing the future path of online distribution. Unlike on-ground cinema, online cinema is still in the process of development. For example, the Hollywood and windowing systems were carefully conceived before they were successfully implemented and received. Hence, the new business models and other systems built around online distribution will need the appropriate processing time to mature before market adoption. Just like any other industry, market development does not happen overnight. This is why the windowing system still stands, and cinema is still driven, defined and led by theatrical distribution (Litman 88; Tryon, "Reinventing" 177).

The crucial message here then is never to rely on just one distribution avenue even if a particular channel (like theatrical release) is considered as the highest income generator. This directs us back to the proactive approach of Broderick's hybrid model of film distribution. Even if filmmakers agree to have their works available online, they still avail themselves of the benefits of "real-world" theatrical screenings, since these can boost their online viewership (Knight, "Alternative" 460; Knight and Thomas 270, 273). As the uncertainty principle in film industry dictates, one can never be too sure when it comes to audience reception. This means that the Internet, just like any other media technology, does not "ensure that people watch and engage with the work it makes

available” (Knight and Thomas 268). While film distribution and exhibition have already gone through the digital shift, the consumers are still in transition.

Since not every consumer is ready to embrace the digital turn in film distribution and exhibition, there has been a slow uptake of the digital rollout. This is rooted in the assumption that online distribution is making. The utilisation of OTT technology in distribution presumes that audiences have the necessary smart gadgets that have wired or wireless data connectivity. This condition does not necessarily hold true for every media consumer in the Philippines or even in other parts of the world. In the first place, even without these technological advancements, not every Filipino has the resources to go to theatres and see a movie. This is why piracy is very much rampant.

The role of technology in this case is limiting rather than accommodating. It immediately restricts watching movies to a certain social class, and possibly age groups, ethnicities, etc. Therefore, the digital realm promotes forms of exclusion and division (Lobato, “Politics” 176) instead of inclusion and bridging the gap between content and audience. In this sense, using a kind of Bourdieusian sociology is critical in analysing the digital distribution transition. Lobato argues, “Cultural and infrastructural politics are fundamental in determining who can access online cinema,” which means that online distribution has the “potential to stratify audience access along class lines in a way that is less pronounced with other distributive channels” like DVD and free TV (176).

Moreover, the Philippines is beset with significant IT infrastructure problems such as technical compatibility, bandwidth limit, and latency issues (Cunningham and Silver, “Screen” 102; dela Cruz; Ibañez; Lobato, “Politics” 173; Luckman and de Roeper 5; Pedregosa). At the same time, copyright owners are still not open to the online platform because of the lingering threat of piracy. In the experience of Hereniko, there is still a

sense of conservatism among filmmakers in terms of allowing their films to be streamed. Hence, market adoption of the digital turn in film distribution and exhibition has been gradual in the Philippines. Until the assumptions of online distribution are addressed or until such time that the whole country (or the world) is technically wired or digitally connected, the digital turn will not be complete.

At present, the online distribution business does not have a target deadline in terms of seeing it through the critical mass. Since it is a work-in-progress, it has been described as a moving target that business executives have to take charge of to ensure successful content distribution in the digital age (Curtin et al 21; Pedregosa). In a fast-paced, complex environment and highly unpredictable industry, there is a need for further exploration and constant experimentation of other business models to discover what will work best for the industry (Curtin et al 14; McGrath 248; Tryon, “On-demand” 137). Pardo observes that the movie industry has been in this stage of trial-and-error, trial-and-success dynamic in the last 15 years (“Big Screen” 40). Therefore, during this transition period, he also suggests that it is best not to look at the situation in binaries: “the new and challenging versus the old and conservative,” or digital versus analogue (“Hollywood” 6). The approach should instead be complementary not contradictory (Broderick, “Welcome;” Finney and Triana 162). Rather than a point of disconnection and replacement, the emergence of new online platforms should represent a “point of continuity with the offline world” (King, “Indie 2.0” 110)—one where old and new models coexist (Broderick, “Welcome;” Pardo, “Hollywood” 6).

6.5. Conclusion

Lobato observes that the digital and online distribution debate tends to fall on an either-or discussion about consumer empowerment and business strategy. Hence, the digital turn in distribution and exhibition is often understood either “as a democratizing force to be harnessed or a business puzzle to be solved” (“Politics” 168). As presented in this chapter however, both aspects are equally important in moving forward to better address the sustainability issue of the industry. As such, this chapter argues that industry sustainability has always been a confluence of several factors: cultural, economic, technological, social, political, legal, and industrial (Tryon, “On-demand” 13; Verhoeven 245). It does not begin or end with technology or with business model development. They are drivers of sustainability but not the only key to sustainability. As Tschmuck asserts, “...technology is not a simple driver of cultural and artistic change but a constitutive element of cultural and artistic production, which is embedded in a socio-historical context” (120). It is in the nature of technology to continually evolve, and by anchoring sustainability on it means that the industry moves with technology and adjusts itself to adapt to the changes.

Since film is a technological medium that constantly develops, the search for sustainable business models will also continue to be discovered. Hence, sustainability is not a static state; it is dynamic. The word itself signifies a continuous movement; ergo, it moves forward with technology as it develops. Also attached to this movement is the business model, which serves as the blueprint for a sustainable plan. For Gubbins, online business is still business. Thus, it is important that the industrial process and commercial exploitation are attuned to consumer demand. There has to be a right combination of business discipline and right content to create that sustainable business model (95).

Since the online business space for the film industry is still young and unstable, there is still no formula that warrants its success yet. While there is a need to further explore, design, and test new models, there must also be a willingness to depart from the old rules (Curtin et al 24).

On the other hand, Knight argues that the digital turn in distribution has not really given birth to new business models. Many of the strategies in place had already been experimented during the VHS era ("DVD" 38), which was also predicted to empower the indies in the 1960s (22-3). Stepan also agrees that there has not been any change in the industry's business models since the arrival of peer-to-peer file sharing (406). The new business plans have not yet discovered the right tool to compete with the usability and speed of unauthorised digital reproduction and distribution (403). For him, it is actually the regional markets and digital rights management that compound the industry's problems, which new business models cannot resolve (406). Combatting piracy or to totally eliminate it may be impossible, so the business model must be innovative enough to allow the formal distribution economies to work hand-in-hand with the informal economies. As Sarandos aptly puts it, "Technology is great because it constantly evolves. But it also means that for every successful technological solution to piracy, a countertechnology will emerge" (Curtin et al 139). The bottom line therefore is not about developing new business models for these emerging platforms. Rather, it is about "creating sustainable filmmaking" (Kerrigan 209) or the formulation of sustainable business models that will monetise content efficiently and effectively (Ulin 2) by giving equal profitability opportunities to all participating players.

Unfortunately, for every opportunity that becomes available to independent players, the major players attempt to block it by also entering that open space. With the

studios' unparalleled strength of distribution machinery and audience reach, they will try to secure and retain dominance in the new online world where infrastructure needs are commoditised (Ulin 46). As Culkin et al note, "The majors have a strong leverage to exploit the technology to their advantage" (174). In analysing Hollywood's strategy for example, it has always been about protecting the majors' "unbeatable oligopoly of production and distribution of branded entertainment contents" instead of "exploiting the disruptive power of new technologies" (Pardo, "Hollywood" 6). For example, the DVD's regional locking system is intended to protect the theatrical release window (Donoghue 356) and to suppress piracy, but this has actually led for piracy to even flourish (Gibbs). The approach is always geared towards the preservation of commercial windows (Iordanova, "Digital" 5) to maintain the status quo of cinemas as the best venue for seeing movies (Pardo "Big Screen" 32-3).

While online distribution channels are regarded as the future of film distribution, I maintain that they are not the answer that indies are looking for to address their distribution challenge and the sustainability question. As the film industry evolves, digital technology has only levelled the playing field for a moment or has made it appear to be levelled but when the majors have adjusted to the digital times and caught up with their new environment, they are back on their feet to take control (Curtin et al 23). Silver and Alpert call this the "digital hegemony," which the majors use as a counter strategy against the "digital democrats" to prevent them from "developing a commercially successful new market by attacking the lower ends of their key market segments" (64). This is a similar tactic that the majors used during the rise of the independents in the late 1980s, which they are using again to keep their position and assert digital dominance (64). Hence, only the technology has changed. The film

industry's structures and systems remain the same despite the emancipatory promise of digital technologies in distribution and exhibition (Harris 50).

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Chapter 7

The Semi-Formal and Informal Economies of Film Distribution and Exhibition

Having discussed the emerging distribution and exhibition platforms, their impact on independent filmmakers in relation to the sector's sustainability, and how industry developments affect audience consumption, the topic on formal film distribution economies is culminated in the last chapter. I now move to the final part of my discussion that covers the semi-formal and informal film distribution economies. Since both topics (especially the latter) are very broad in scope, this chapter (as with my previous chapters) is limited only to the discussion of these economies in the context of independent filmmaking.

First, the chapter clarifies the definition and usage of the semi-formal and informal distribution economies and cite the different distribution avenues under these categories. Specifically, the section on semi-formal film economy explains the idea of self-distribution (by independent filmmakers) and how the characteristics of this film distribution method qualify it under the semi-formal economy. Second, the chapter focuses on the discourse of piracy, especially on the new forms of digital/ online piracy. This section addresses how the emerging forms of piracy can be both detrimental and beneficial to indie filmmakers, and raises the question of “value” in piracy. Finally, the chapter looks into the audience—an aspect typically understood from the viewpoint of consumption but has later evolved to include production.

However, my section on the audience will discuss its function in relation to the other element of the film value chain—that is the audience in the distribution space. The section expounds on how the audience serves as an informal or unofficial film distributor in the negative sense as a pirate through its participation in file-sharing activities, and in the positive sense as a marketer through “word-of-mouth” advertising. With the emergence of new technologies, the audience has grown from solely being a consumer to also being a producer and now a distributor. In this sense, the audience assumes a role in all aspects of the film value chain.

7.1. The semi-formal film economy

Chapter Four has provided a brief overview of the film distribution economies that Lobato has theorised, namely, the formal-informal dichotomy and the semi-formal middle ground. The last three chapters have also extensively discussed the formal distribution economy because it is the formality of the established and regulated distribution-exhibition system that runs the film industry and forms a big part of the film economy. This section now expounds on the two other realms of formality. Following Lobato’s definition of semi-formal economy, it is that specific interstice or grey zone situated between the formal and informal (“Shadow” 39, 95). While Lobato has illustrated this concept in his earlier works (“Mapping;” “Shadow”), the idea of having a “spectrum of formality” is made clearer in his more recent publication with Thomas (“The Informal” 19). Instead of framing the distribution economies in binaries, Lobato and Thomas have placed the formality/ informality schema on each end of a continuous line and assigned semi-formality in the middle of the spectrum, in which it combines

formal and informal elements. They consider the differences of formality/ informality in terms of degree variances rather than fundamental oppositions (19) and assert that there are “many shades of grey between the poles rather than two neat categories” (23).

An example under the semi-formal distribution system that Lobato cited in his dissertation is the straight-to-video (STV) release (“Mapping” 167) or direct-to-video (DTV) release, which is regarded as the home entertainment market (Hall, “Distribution” 221). STV or DTV products cover all video formats from VHS to DVDs (Lobato, “Shadow” 22), including titles produced under “no-budget” endeavours from unknown directors or high-budgeted films from big studios (Hall, “Distribution” 221) that are specifically produced for home viewing for “a quick cash-in” (222). However, Lobato describes STV circuits as having strong informal features because they operate outside the formal theatrical exhibition network, possess their own particular dynamics, and are only partly integrated with the mainstream sector (“Shadow” 21-2). This could pertain to the STV industry of Nigeria, which is also known as Nollywood (55). On the other hand, he classifies the emerging platform of online distribution circuits under the “grey zone of semi-legality” by characterising Internet commerce to be utilising “legal online infrastructures for informal uses” (95). This is however not definitive of all online platforms, as he is focused on the “grey” services that lie between the legal business models and the peer-to-peer networks (96). He also notes the confusion that this brings to both the audience and the industry (95), as it can really be tricky to classify various platforms under a particular label or category. For instance, Lobato and Thomas cite YouTube as a more recent example of the semi-formal system that functions on both levels of formality and informality—“as a promotional vehicle for professional producers

and a distribution system for unauthorized uploads and amateur content” (“The Informal” 19).

Lobato also clarifies his claims that the notion of informal economy can be slippery (41) especially when it comes to the “messy world of online cinema” (97). He further explains that the relationship between the formal and informal spheres online is on the one hand a “push-and-pull” between legitimate operators and pirates, and a certain form of interdependence on the other. Depending on the “changes in law, consumer practice and industry structure,” different types of technological platforms and user activity will go in and out of the formal-informal zones (96). “Formal economies can become informal and vice versa” (41). They may also coexist, interact, and overlap at one point (“Mapping” 111; Lobato et al 14) and make the semi-formal space a shady territory indeed. This is why it is best to look at the degree of distinction or boundary between the formal and informal realm as “a constantly moving line” (“Shadow” 96) since there is a great deal of traffic happening between them at different stages of production and distribution (41).

This thesis adopts Lobato and Thomas’ spectrum of formality, where the definition is grounded on the process of income generation and revolves around the way that copyright owners receive their economic returns. It is based on the nature of transaction (where and how the item is sold) and flow of money. In Lobato’s examples, the Christian media market, the STV and Nollywood industries all fall under the semi-formal economy but with different degrees of formality and informality. The STV industry, including the Christian B-movie production (“Mapping” 127), is legal but semi-formal; the Nigerian video market is legal and informal; and piracy is altogether illegal and informal (“Mapping” 250). In other words, anything that is transacted legitimately whether in the

theatrical or nontheatrical platform (including video market and online platforms) that is measured and regulated is strictly formal at the one end of continuum, whereas any transaction conducted illegally such as in the streets or underground markets are strictly informal at the other end. Anything in between these defined parameters is semi-formal.

In this sense, my concept of semi-formality means that transactions are legal but not necessarily regulated, which means that there is no middleman that mediates or facilitates the transaction or distribution of films. What makes it semi-formal is that there are only two parties involved: first, the producer/ director, and second, the host venue or sponsoring group. The formality of the “distributor” as a go-between somewhat vanishes and the role is assumed by the copyright owner/s. It is like a door-to-door service or a direct distribution system. This is where my classification of self-distribution under this rubric comes in. As the term implies, self-distribution or self-release is a DIY (Do-It-Yourself) process, which in this case can also stand for “Distribute-It-Yourself.” As an umbrella term, the self-distribution method is broadly under the semi-formal economy because it combines legal and informal distribution features, depending on the platforms or release strategies that the copyright owner undertakes. Some independent filmmakers or production groups utilise this distribution method as an alternative to having a formal distributor or distribution firm distribute their films. They make legitimate direct transactions with any exhibitor or exhibition platform.

The formal features of self-distribution include having a formal contractual agreement that is legally binding; the film is legally sourced or comes directly from the copyright owner; and it is regulated at the level of content owner only. The indie filmmaker or production group can also engage in a DIY theatrical distribution with an

audience of 300 or more in a regular theatre. The film can possibly have a theatrical or commercial release, as well as international screening, but at a much smaller scale in terms of number of screens. While this can have a stronger sense of formality and cluster more towards being formal, its degree of formality is still minimised because of the absence of intermediary.

On the other hand, the informal features of self-distribution include closing a deal through a handshake or verbal agreement; the screening can be held at smaller venues that accommodate a small audience of 50 to a medium audience of 100 or 150; tickets can be priced lower or higher depending on the nature of the screening; and most proceeds go directly to the copyright owner. The indie filmmaker or production group may also have an informal organisational setup. They may not necessarily be a legal entity registered under the law but their dealings and transactions are all legal. Or the organisation may be formal in setup but it can have informal practices such as strategic workarounds to get things done smoothly and more efficiently (Lobato and Thomas, “The Informal” 23, 30). The degree of informality can also surface when it comes to declaring taxes truthfully. As Lobato and Thomas emphasise, “informality is present at many levels, both outside and within even the most regulated and rationalized environments” (“The Informal” 29). Therefore, the more that media consumption cannot be monitored and measured, the more that the needle on the formality continuum moves towards the informal end (Lobato, “Mapping” 119).

The idea of self-distribution as part of a semi-formal film economy builds from and adds another case to Lobato and Thomas’ framework of distribution economy spectrum. In my succeeding discussion, I present various self-distribution strategies employed by independent filmmakers that demonstrate their semi-formality and possibly show

indications of leaning more towards the formal end of the spectrum. In Chapter Six, I have suggested that independent filmmakers are pinning their hopes on the emerging platforms of online distribution but eventually realise that this is still not enough to guarantee or reach a large paying audience. I also argue that nothing has changed in the oligopolistic film distribution system despite the liberating promise of digital technology. Given these situations, what other distribution means can independent filmmakers access then? This section looks into how independent players have responded to the rather obstructive system of traditional and emerging distribution platforms by taking the route of self-distribution.

DIY distribution strategies

DIY distribution is usually considered as the “go-to route” of indie filmmakers because they want to have a control of how and when they want to release their films (Parks 56). What is more common, however, is that it is the last resort for indies if they are unable to close any distribution deal (Marich 351) and after considering all other big-scale distribution options (Aft and Renault 29). It is often regarded as the “salvation for indies” (Silver and Alpert 63). Broderick likens the vibe and execution of self-distribution to an open source. It is doing it yourself but with help coming from other people (“Declaration”). If one cannot afford a distributor or no distributor picks up the film, DIY distribution is the only other viable alternative for independent filmmakers or production groups. This method unclogs the drain that has been layered with sales agents and distributors that block the flow of income to copyright owners (Finney, “International” 123; Finney and Triana 161). By distributing films on their own, independent players seemingly transform themselves into a vertically integrated company, only without the powerful distribution machinery. In doing so, they eliminate

the middlemen and become their own intermediaries. They act or become independent distributors themselves.

Taking off from the discussion on the concept of independence in Chapter Two, independent distribution or distributors here mean that they are small players that maintain a relatively small distribution network and are independent of the major or big distribution companies (Petley 78). Just as there are indie productions, there are also independent distributors (Towse 454) and exhibitors. However, they are rather rare entities in the industry (Wasko, “Hollywood Works” 79) because they tend to focus on low-budget films and exist mostly to fill market segments like niche markets that are not served by the majors (Marich 336). This is why they are commonly ignored in distribution literature as well (Crisp 2). Hence, for indie players doing self-distribution, they are epitomising the essence of independence by being independent through the whole filmmaking value chain. This highlights the idea that if anyone can make a film, then anyone can also distribute a movie (Tryon, “On-demand” 137), even if this may not be as easy as it sounds.

Self-distribution has a lot of avenues for screening. More often than not, indie filmmakers still aim for a theatrical release, playing on a city-by-city route at selected cinemas (Hall, “Distribution” 193). Filmmakers may also rent a small theatre and projector, and sell tickets on their own (Lent, “Southeast” 17), or what has been explained in Chapter Five as four-walling distribution. Hence, this also requires excessive grassroots marketing (Hall, “Distribution” 195). Most of the time however, DIY distribution means that it covers anything outside the theatrical network, which includes school tours and various types of special or private screening (corporate screening, benefit screening, fund-raising campaigns, etc.). These may be held in alternative or

unconventional venues like bars, restaurants, function rooms, gymnasium, etc., and may also come in the form of house parties (Parks 58; Tryon, “Reinventing” 97-102).

All these screenings can be national and international in scale but they are not held simultaneously due to limited resources. It is also common to hold multiple screenings because of the relatively small audience per session. An added feature that usually follows the special screenings is the open forum with the filmmaker and sometimes selected cast members (Gonring and Crisp 13; Tryon, On-demand 137). Press previews are also organised as a publicity strategy (Marich 350) to generate buzz from editorial coverage and reviews. At other times, filmmakers also do direct sales by producing and selling their own DVD copies to friends, fellow filmmakers, and cinephiles during those special screenings and film festivals, as well as in bazaars, small shops, and bookstores (Hernandez, “Beginnings” 232-3). Income generation may be small and return on investment may come in trickles because it is a guerrilla style distribution method.

The reality of independent film distribution is that prosperity can be fleeting without strong linkages to the major players (Marich 363). In theory, self-distribution may be feasible for independent filmmakers (351) but in practice, indie players must carefully consider some major drawbacks before engaging in this endeavour. As DIY distribution is synonymous with self-financing (Hall, “Distribution” 192), additional funds for marketing and promotion is necessary (Marich 351), not to mention that it is also very time-consuming (Beaupré 202). Filmmakers who distribute their own films tend to slow down (Hall, “Distribution” 194) or are usually forced to stop making new films because self-distribution is a full-time responsibility (Marich 351). They also need to shift from having a creative outlook to a business-planning mindset (Hall, “Distribution” 192). The filmmaker suddenly assumes different new roles (Tryon, “On-demand” 139):

strategy planner, salesman, shipping manager, and accounts payable officer among others (Hall, “Distribution” 194). Hence, it is always best to relegate the distribution activity to another person. More importantly, independent or self-distributors are at a negotiating disadvantage because it is usually a one-shot deal (193). They do not have the same clout as the major players do, which makes it difficult for them to collect film-rental money (Beaupré 202; Marich 351). To unfamiliar indie filmmakers or newbie self-distributors, DIY distribution might actually be a trap (Beaupré 203) if they do not have foresight for these things and map out a plan.

7.1.1. Direct deal with exhibitor

An excellent case to use here is Ellen Ongkeko-Marfil’s experience in self-distributing *Boses* (The Voice, 2008). Her film is considered as one of the most successful theatrically released indie films even after its five-year holdout period as required by the Cinemalaya contract. *Boses* has had more than a hundred special screenings across the world and is regarded as one of the most well-travelled Filipino indie films to date. It is also a good example of Broderick’s hybrid distribution model discussed in Chapter Six. Generally, the film adopts a semi-formal distribution strategy that runs on special screenings, with a strand of formality in its theatrical release. Marfil explains that the film’s socially relevant theme has helped her in serving audiences from various sectors. Forging strategic partnerships with local and international government and non-government institutions has also been one of the key components for the film’s successful distribution.

Timing and luck were also on Marfil’s side. It was when she was about to give up that SM Supermall had gone digital with all its cinemas in September 2012—nearly five years before Marfil would regain all the rights to her film from Cinemalaya. She set up a

meeting with SM to discuss the possibility of a theatrical release for *Boses* and eventually clinched the deal. On 31 July 2013, *Boses* was released exclusively to selected SM cinemas in major cities across the country. According to Marfil, SM sales manager confirmed with her that the commercial success of *Boses* made history in the indie film scene. Five years of self-distribution has paid off. Marfil has earned from the film and paid equities to her staff. The film's theatrical release has also generated a second wave of publicity; hence, the film still continues to make its rounds of special screenings. Self-distribution has its trade-offs though. Marfil admits that below-the-line distribution is a lot of work. It is difficult, tiring, tedious, and her productivity as a filmmaker had to suffer. It was only in January 2016 that Marfil had a new film released: *Lakbay to Love* (Journey to Love).

Meanwhile, independent producer Albert Almendralejo has a different experience. He was still learning the ins and outs of film distribution when he tried distributing his first film production *Baseco Bakal Boys* (Children's Metal Diapers) in 2009. While the film has participated in 20 international film festivals, won several major awards, and graded A by the country's Cinema Evaluation Board, it was not able to recoup its investment. The film has a budget of PhP3.5 million but only grossed PhP500,000 in the box office after having a one-week run with only 12 screens at SM cinemas. As mentioned in Chapter Four, Almendralejo has learned his lesson from his first distribution attempt and reversed his production process by identifying his distribution network first for his second production *Tumbang Preso* (In the Can, 2014). Right from the start, he has determined that the film would cater to the academic market. Based on his calculation, he would need at least 100 schools to recoup his production investment of PhP3 million. As of the interview date, he had a confirmed screening for 50 schools. The film was also

released theatrically but only grossed PhP200,000 in the box office, with 14 screens at SM cinemas. For his third production *Little Azkals* (2014), he applied almost the same distribution strategy that he used for *Tumbang Preso*, only this time he was able to sell the TV rights after it had its theatrical release in SM cinemas with 16 screens.

7.1.2. Academic market distribution

Running school tours is also another common DIY distribution strategy. The education market is considered as one of the largest revenue sources for independent players (Broderick, “Welcome;” Daressa 54; Miller, Schiwy and Salván 204) since students always serve as a captive audience (Knight and Thomas 86). However, competition is also stiff in this arena not just among indies but also among the big players because distributors like Star Cinema are competing in this space as well (Santos, “Models”). Everyone wants to penetrate this market but schools cannot accommodate all these films. Hence, faculty members assess whether the film could be used as an aid to instruction based on the film’s relevance to national and social issues. However, there are also other films that are instructional in nature (Daressa 55), not necessarily in narrative form, which are specifically produced to cater to specific fields of study.

The academic film market has its own circuit and distributors who have established networks with educational institutions and concentrate on this segment also get a big percentage from the sales (Levison 55). For example, online distributor Alexander Street Press has a global network of universities and libraries, catering to around 40 million students and 30,000 faculty members (Hereniko). Hence, most indie filmmakers run school tours by themselves even if it takes a great deal of effort. For instance, part of the success of *Heneral Luna* (2014) is that prior to its nationwide release, it has launched a massive school campaign across the country, facilitating talks and workshops about the

Filipino hero, and encouraging the youth to catch it on the big screen (Nebrida; E. Rocha). The production has also been able to negotiate with cinemas to offer a 50% discount to students. The film has been very successful that even with a reduced ticket rate, it still managed to earn in the box office. Another example is the “Sine Panitik” (film literature) program of the Film Academy of the Philippines (FAP). It is an adaptation screenwriting contest that aims to turn Filipino short stories into film, which will be used to teach literature. Its first output is a collection of three short films called *Tres* (Three, 2014). FAP director general Leo Martinez has decided against having the film theatrically released for fear of piracy. Instead, he has strategized to focus on campus screenings, especially since the objective is to teach Filipino literature. As of 2014, *Tres* has been screened to 7,000 students (Martinez).

7.1.3. Unconventional venues

There are also many unconventional venues that support the screening of independent films. However, the problem again is publicity and promotion. If people are unaware that these events actually exist, then these initiatives will just be short-lived and die naturally. These include the defunct Mag:net Café and Mogwai Café in Quezon City, which used to promote up-and-coming local artists from the visual arts, music, literature, and film (Baumgärtel, “Southeast” xx; Jardin, “Interview”). They held various events from art exhibits to poetry reading to film screening and encouraged their audience to make voluntary contributions to help the featured artists.

A more recent endeavour is the film screenings initiated by the newly formed Sine Mabuhay Club, in partnership with Mabuhay Restop, located at the heart of Manila. Founded by writer Nestor Torre, filmmaker Doy del Mundo, and producer Albert Almendralejo, the organisation aims to “promote Philippine independent films by

providing easy and regular access to the general public,” encourage “Filipino artistic expression through film,” and help the public “gain a greater appreciation of Filipino artistry” (Dabu). However, there has not been any subsequent screening since its initial offering of eight films from March to May 2015.

On 1 May 2015, Cinema One, in partnership with Nuvali Night Sky Cinema, launched its first outdoor screening event dubbed as “OpenAir Cinema One: Music by Day, Movies at Night” as another alternative venue. A number of films were shown here including *That Thing Called Tadhana* (“Cinema One”) and *Heneral Luna* (Guison). Lastly, the bookshop chain Fully Booked also organises film screenings in its U-View Theater that is housed in one of its branches. It is a micro-cinema that sits 62 audience members, and tickets are also priced lower than those of the regular theatres (Co). Although Fully Booked is not very active, it has run several film seminars and screenings since 2009. At present, Nebrida shares that the bookshop plans to have a more regular programming and has tapped Tuko Film Productions to run its cinema operations because of the success of Cinema '76.

7.1.4. Online self-distribution

Another critical strategy in self-distribution is to have a strong or active online presence. Since there is little or no budget for television commercials and other traditional advertising avenues, filmmakers take advantage of digital technologies in marketing and promoting their films online because this is a much cheaper way of developing new markets and audiences for their films (Iordanova, “Digital” 16; Knight and Thomas 22). Online publicity usually starts several months before the intended opening day (Marich 344). For indie films like *Boses* (2008), *Zombadings* (2011), *That Thing Called Tadhana* (2014), *English Only, Please* (2014), etc., having a positive and

consistent online visibility has created enough buzz to sustain their theatrical release and generate a fan base.

It is also common practice to create an official movie website as a form of online self-distribution (Hernandez, “Beginnings” 233; Knight, “Archiving” 66; Marich 345; Tryon, “On-demand” 148) and maximise exposure (Knight and Thomas 269). The website is also a cheaper alternative to the usual online distribution platforms that go through aggregators because it only requires minimal setup and data connection costs. From there, indie filmmakers can make their film available for rent or download (Lobato, “Politics” 175).

If any of these self-distribution efforts fail to work but filmmakers still want to reach out to their audience, the last resort is to make the film available for free via the most popular video-sharing site YouTube (Aft and Renault 28; Hernandez, “Beginnings” 233). This is a more feasible option for indie filmmakers (Lobato, “Politics” 175) since there is technically no cost to upload any video content on YouTube (Hetcher 41). Once on the YouTube platform, the film instantly becomes available to the world (46). It may appear that this distribution method is a losing strategy—that the copyright owner is giving away the film for free after all the investment in time and money. It raises the question of benefits that filmmakers can get by releasing their films online for free (Kerrigan 202; Tryon, “Reinventing” 121).

What many people do not know and understand is that YouTube has evolved since its creation in 2005 (Burgess 53). From what started out as an open platform (Burgess 54) that aims to “remove the technical barriers to the widespread sharing of video online” (Burgess and Green 1), YouTube has matured to become a commercial platform (Burgess 54, 56-7; McDonald, “Digital” 396) that aims to dominate Internet television

(Cunningham and Silver, "Screen" 72). YouTube is no longer just about providing users an easy way to share mundane and amateur content (Burgess and Green 5) or a promotional channel, it has also become a revenue stream (McDonald, "Digital" 402) for professionals to earn from their content. Hence, aside from being a user-generated content (UGC) platform, YouTube also functions as a content aggregator (Burgess and Green 4) and what Kimberlee Weatherall calls a commercial "user content intermediary" (59) or an intermediary that feeds on user content. After dominating the online video-sharing space, YouTube then started to experiment with monetisation strategies and business models (Burgess 53). The identity of YouTube is changing not to become a more solid category but rather to become more fluid. Hence, Lobato and Thomas consider YouTube as part of the semiformal economy because of its combined formal and informal features ("The Informal" 19). YouTube possesses the informality of unauthorised uploads and amateur content (Hetcher 40-1) to the formality of professional content, where both have equal chances of earning by content monetisation.

There are two general misconceptions about YouTube that have not been totally dispelled: (1) that uploading one's content on YouTube is giving it away for free, and (2) that YouTube is a source of pirated content. This is why distributors do not pick up a film once it has already been made freely available on the net. No one pays for something that is being given away for free (Ulin 44). While the misconceptions still hold true on certain occasions—especially when users upload content that they do not hold rights to (McDonald, "Digital" 399), YouTube has developed a Content ID system in 2008 that enables copyright owners to upload a file with identifiable metadata to a Google-held database (Weatherall 64) and allows them to control the usage of their material

(Cunningham, “Hidden” 72-3; Lobato and Thomas, “Business” 612). This is accompanied by instructions as to how to treat a similar file that maybe uploaded by other users, which is checked against the database. Content owners can instruct the database to track, block, or monetise any similar file. For example, copyright owners can decide to retain similar video files that run for only a minute and block or monetise anything longer than that (Weatherall 64-5). This is the tricky part: pirates can cut a long file into several short segments. A full-length film can be uploaded as a ten-part file of ten minutes each. These clips will not be taken down if the instructions were to retain a file of ten minutes or less. Hence, pirated content in this (segmented) form lingers on the site.

In the Philippines, independent producer Moira Lang and filmmaker Pepe Diokno opened the “Pelikula” (Movie) YouTube channel as an additional platform for independent Filipino films. After having been set up an online and face-to-face meeting with YouTube representatives for their accreditation and after having verified that there is no conflict with any other contract, Lang uploaded *Ang Pagdadalaga ni Maximo Oliveros* (The Blossoming of Maximo Oliveros, 2005) on YouTube. Lang clarifies that the content does not necessarily have to be the whole film. It can be trailers, behind-the-scenes, excerpts, etc. As long as these are authorised uploads, the content can be monetised. While “Pelikula” is still an available channel, *Maximo* has already been taken down from the site. However, the film (with English subtitles) is now freely available through the Internet television company Veoh.com.

The online system is all about traffic (McDonald, “Digital” 388), and it is this high volume of traffic that YouTube uses to monetise content through advertising (390). As an ad-supported platform (Burgess 54), both the content provider and YouTube can get

advertisers for the content (Lang). Earnings are based on the number of views or impressions made on the video and the users' location. Lang shares that views from the Philippines do not have much economic value but if the viewer is located abroad, especially from the Middle East, then it generates a higher RPM (revenue per 1,000 impressions). Considering that the "Pelikula" channel has never been promoted, Lang considers the more than two million views of *Maximo* an excellent success indicator. Applying Lobato's analysis and argument that "distribution begets distribution," the YouTube platform has worked for *Maximo* because there has been a "pre-existing demand for the film" ("Politics" 175) that was generated by its Cinemalaya festival success, critical acclaim, and theatrical release. Therefore, the YouTube platform is not necessarily the "last" last resort. More appropriately, it can be considered as the final release window of a film after all its previous rights have been exploited. This is an example of using the *free* online platform to one's advantage and reversing the negative effects of piracy. This brings me to my next discussion on how the informal economy of piracy comes into play in the film distribution system.

7.2. The informal film economy

The concept of informal economy is rooted in the fields of sociology, economic anthropology, development economics, and urban studies of the 1970s (Lobato, "Communication" 34). It has been called many other names such as shadow, underground, irregular, unobserved, hidden, parallel, marginal, black or secondary economy (Larkin 297; Lobato and Thomas, "An Introduction" 379; Webb et al 600). Like the notion of independence, the definition of informal economy is anchored on an

oppositional stance. It refers to any activity done secretly and goes against the formal economy in pursuit of its economic goals (Quiggin 29). As Castells and Portes note, “it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated” (12). It operates outside the formal realm (Lobato, “Shadow” 40), purview of the state (Lobato and Thomas, “The Informal” 5, 7-8; Montgomery 47), and characterised by unmonitored, unmeasured, and untaxed forms of production and exchange (Lobato, “Shadow Economies” 40).

In the context of cinema, the informal film distribution system sits within the bigger picture of informal economy. Lobato has an extensive body of work on this area, notable among which is his theorisation of “subcinema” and shadow economy, where he describes the pirate media industry to be at its “most energetic” (“Theorizing” 118). While the piracy business thrives in an active economic zone, it is a big, unknown space because its activities are impossible to track down given its informal nature and characteristics. For Lobato, piracy is more than its traditional definition of copyright infringement (Yar 679) or the unauthorised reproduction or distribution of copyrighted materials. Rather, it is “a dense network of markets, textual systems and (sub)cultures, one which is underground without being resistant,” and operates between the spaces of legitimate media circuits (Lobato, “Theorizing” 118). Therefore, in the informal film distribution economy, there is no “formal” distributor to speak of because the pirates take over this role.

The birth of piracy goes hand-in-hand with the birth of cinema. As early as 1907, American production companies have started to put their trademarks on the sets of almost every scene as a preventive mechanism against movie piracy (Bowser 137; Goldsmith and O’Regan 25-6; Lobato, “Mapping” 199). Yet, this has not impeded the

illicit activities of persevering pirates (138). Piracy has only changed in form over time but never left. From the invention of the VCR, CD, DVD to torrents and direct download links, the face of piracy just continues to evolve and innovate itself, as it keeps up with technological developments (Pang, “Cultural” 81; Wang 28) and specific regulatory systems that operate at each historical juncture (Lobato, “Sideways” 88). In that sense, piracy is a by-product of cinematic technologies, as it is of human agency (Baumgärtel, “Media” 15; “Triumph” 236). Indeed, shadow is the best metaphor for piracy because as long as cinema is alive, piracy will always be tailing behind.

7.2.1. Forms of piracy

At present, the most common form of piracy occurs digitally, both on ground and in cyberspace (Donoghue 355; Pang, “Transgression” 121). The former comes in the form of physical reproduction and sale of DVDs or Blu-ray discs, or what can be considered as offline piracy; while the latter comes in files that are uploaded and downloaded via the Internet or online piracy. As the Internet becomes one of the primary sources of pirated content (Mattelart, “Informal” 746), online piracy is now regarded as the future of the informal film distribution economy (Trice, “Manila’s” 613). Disc-based piracy is still rampant especially in developing countries even if online piracy is gaining traction because of improved broadband connectivity and cheaper costs (Daly 141; Karaganis 65; McQuire, “Film” 501; Trice, “Manila’s” 613). In Manila for example, the Quiapo district is known as the pirates’ haven and the gateway or the solution to accessing world cinema. It has earned itself the unofficial moniker “Quiapo Cinémathèque” (Trice, “Quiapo” 534, 541-2).

As society becomes more wired and people become more connected online through social networking sites, film piracy has become much faster, easier and cheaper

through the advent of various peer-to-peer (P2P) networks or file-sharing sites (Eliashberg 149; Iordanova, "Digital" 4; McQuire, "Film" 501) since the 1990s (McDonald, "Digital" 398). These are content distribution systems, which create "a distributed storage medium that allows for the publishing, searching, and retrieval of files by members of its network" (Androutsellis-Theotokis and Spinellis 339). The infrastructure allows users to exchange digitized film files, which are "ripped" from their original format and stored on their hard-drives, ready for downloading (Yar 684).

A good example of the P2P network is the infamous BitTorrent system created by Bram Cohen. He has originally envisioned BitTorrent as a publishing tool (Ulin 66) especially for those who have content but do not have the money for distribution (Allen-Robertson 96-7). The operating concept behind it is that "the more content a user shares, the more content that user can access" (Pavlik and McIntosh 5th 172). Hence, P2P technologies mock and challenge the legitimate distribution and old ownership systems (Daly 142; Jenkins, "Cultural" 35), as they considerably become the "superdistribution" of film (Sparrow 34). However, pirates have learned and realised the potential of the free distribution mechanism that the Internet offers (Baumgärtel, "Triumph" 238). The P2P networks are then used to make copyrighted content available online without the owner's consent (Farchy 361). Soon enough, BitTorrent has become "the pirate's protocol of choice" (Allen-Robertson 197) for distributing or sharing (and consuming) copyrighted content without the owner's consent. Hence, industry practitioners eventually regard "file-sharing" as "file-nicking" (Finney, "International" 124).

There are also cloud-based storage systems that provide direct-download links to content for users. Two of the more known examples are Rapidshare and Megaupload

(Crisp 107). Similar to this system is a browser-based platform called “cyberlocker,” — also known as a “file locker, file-hosting site, one-click hoster or webhard” (Lobato and Tang 424), which allows users to upload or download content easily for free (426).

People usually just share or post the link on social networking sites or online discussion groups and the download process begins in one click. A more crude way of sharing files is through file swapping (Wallis 49) or the sharing or exchanging of thumb-drives with other people. Also, in the formal space of online streaming where users pay for VOD services to access content, some users share the password of their accounts with their peers. This is only possible though within the same territory, as most of these services are geo-blocked. Undoubtedly, these forms of file-sharing or even password-sharing activities impede the growth of formal online distribution (Cunningham, “Hidden” 69; Cunningham and Silver, “On-line” 58).

Now that people have easy and free access to content (albeit illegally), where does the “economy” element of informal film distribution come in? In the case of disc-based piracy, it is apparent that money flows from the sales of discs. However, the question really pertains to the “economics” of online piracy where the whole process is practically free, except for the cost of Internet access. Technically, no one *earns* here. So who benefits and who loses in this situation? This is especially evident in the case of P2P file-sharing sites, where the roles of uploaders and downloaders may be unequal and their relationship not mutually beneficial. There is an assumption that users will automatically share files within a P2P network (Crisp 111). However, there can be parasitic users who just download files and do not share them with others or upload any file to contribute to the pool of content available online. Hence, not everyone engaged in the P2P network is

a distributor and consumer at the same time; one can simply be a (freeloading) consumer (8).

7.2.2. The piracy discourse

The economics of piracy is typically seen in a negative light. It is treated as a problem (Lobato, “Lessons” 346; “Six Faces” 15) or a deviant act (Lobato, “Constructing” 113). It is a copyright violation (Lobato, “Communication” 35) tantamount to crime or theft (Anderson, C., “Free” 71; Atkinson 173; Baumgärtel, “Culture” 34; Crisp 4; Larkin 290; Lobato, “Mapping” 205, “Shadow” 41, “Six Faces” 20; Mattelart, “Informal” 741; McQuire, “Film” 499; Pang, “Cultural” 90-1; Yar 686-8). As Sparrow notes, “copyright is a negative right” to begin with. “It is a right to restrain others from exploiting work without the owner’s consent” (31). The industry’s approach has always been defensive in terms of employing strategies to obliterate the problem (Harris 32). Hence, all forms of piracy are considered subversive because pirates redistribute somebody else’s intellectual property illicitly and create a network “outside the mainstream globalization hierarchy” (Pang, “Transgression” 127).

The reason that we have such a dark picture of piracy is because it is always discussed from the perspective of the producers—those who invest money to make films and want to earn from them. As such, piracy is always vilified and depicted as the enemy of copyright. It is a threat, and it hurts the pockets of legitimate businesses because pirates rob them of what could have been part of their revenue (Lobato, “Invisible” 165). Piracy is always defined in terms of economic value or its lack thereof. It is equated to lost revenues for artists but more so for producers and media conglomerates (Crisp 4, 86; Lobato, “Six Faces” 33; Lobato and Thomas, “Business” 606; Mattelart, “Informal” 744). On the other hand, consumers have an insatiable demand

for content but are not willing to pay for it (Harris 28, 35, 55). Hence, from their perspective, piracy is good news because this means “lower prices, more competition, free stuff, and better access” (Lobato and Thomas, “The Informal” 41). From the side of distributing pirates, it is also “good” and easy money.

While it is true that piracy hurts the film industry (Crisp 86), some scholars offer an alternative lens for looking at piracy. Mattelart suggests veering away from approaching piracy as a legal offense and also take into account socioeconomic and political attributes for its rise (“Informal” 736). Likewise, Crisp asserts to examine piracy not just as an economic activity but also as social and cultural activities (2), and how these contexts interact (99, 158) because piracy is a “complex and community-based process” (153). Hence, Cunningham and Silver recommend analysing piracy (especially P2P network) in its own right (“On-line” 59; Cunningham, “Hidden” 69). Lobato sees it as innovative entrepreneurship (Bosma 36) and proposes to reframe the study of piracy by asking new questions and analysing existing infrastructures and assessing their potential for cultural engagement and provision. He further argues that piracy should be understood as an “alternative distribution system of media content” that offers new opportunities to profit from untouched or underserved markets (Lobato, “Six Faces” 15-6). It is a distributive technology that “enables ideas, knowledge, and cultural production to circulate in and through society” (31). While informal economies may have no formal records or accounting system as extralegal entities, it does not mean that they are “anarchic free markets where anything goes;” rather, they are just “differentially governed—largely by informal means” (“Communication” 35). They have a different set of rules and codes that govern their operations (Wang and Zhu 99), which produce differentiated outcomes (Lobato and Thomas, “The Informal” 41).

Discussions on piracy have always been antagonistic and feature a rather narrow and polarised view on the subject (Crisp 2), where the cultural and creative industries are always presented to be at war against piracy. The two sets of arguments presented above sum up the anti- and pro-piracy discourses. While the latter connotes the act of supporting piracy, it actually does not. Hence, a better way of approaching this duality (Atkinson 173) is to look at the destructive and constructive effects that this informal distribution method brings (Webb et al 601). While “destructive” effects may sound too strong, this idea of destruction comes from the harrowing figures of industry losses due to piracy, which several researchers always report on (McDonald, “Hollywood” 697). The problem is that these data sets are all estimated blown-up figures to create a dramatic effect (Baumgärtel, “Piracy” 197) or a devastating picture of piracy’s negative impact on the industry. Scholars like Karaganis and Yar question the reliability of these statistics that portray piracy as an epidemic (Crisp 90; Donoghue 356). They point out the problem with the methodology or the computation used to arrive at the figures reported in various publications (Karaganis 8; Yar 689-90).

The challenge of studying the informal film economy is that it really cannot be studied with precision. First, the number of units sold in the pirate market cannot be identified. No amount of research can supply hard and fast data on piracy (Baumgärtel, “Piracy” 196) because of its very nature (Lobato, “Informal” 83). Hence, the idea of measuring piracy is impossible because it is like quantifying the unquantifiable (43; McDonald, “Hollywood” 697). Second, the standard product price of discs or the movie ticket admission price is used as the baseline for computing lost income (Yar 690). The declared figures are always treated as forgone legitimate sales (Crisp 86; Cunningham and Silver, “On-line” 59) and are based on the gross price (Lobato, “Six Faces” 21; “Slow

Death"). For example, the Star-Cinema flick *The Achy Breaky Hearts* (2016) has an estimated loss of PhP40 million based on the PhP200 average ticket price multiplied by 202,114 total views and shares of the movie that was posted on Facebook ("Film Piracy"). Thus, the reported data do not give an accurate representation of industry loss. The calculation is also based on the erroneous assumption that consumers of pirated products would have opted for the legal means of seeing the movie (McDonald, "Hollywood" 698; Yar 690). Moreover, piracy is an issue of price (Lobato and Thomas, "Transnational" 447) and "distributive accessibility" (Lobato, "Lessons" 347). Legitimate cultural goods are either unavailable or expensive for the average consumers (Baumgärtel, "Media" 16), and thus making them inaccessible. Therefore, estimated "losses" are only potential sales that would never have occurred (Baumgärtel, "Piracy" 197). Third, data sources come from industry bodies or representatives like the Motion Picture Association of America, law enforcement agencies, and international lobby groups, which have vested interests either in the movie business or in making their work look efficient, or getting their own country removed from the priority watch lists in the Special 301 Report prepared by the United States Trade Representative (Baumgärtel, "Piracy" 197; "Cinemas Use;" Crisp 86; Culkin and Randle 89). All these large speculative data are geared towards influencing public opinion or pressuring legislators to make or change laws governing piracy (Crisp 88; Lobato, "Six Faces" 21; Mattelart, "Underground" 310; Yar 690), and thereby chiefly biased, unrealistic, unreliable, and not credible (Baumgärtel, "Piracy" 197; Cunningham, "Hidden" 69; Lobato, "Communication" 39).

As Chapters Four to Six demonstrate, the film industry has always been responding to its biggest competitor—the pirates—by coming up with various release strategies in

order to beat them. Piracy affects the big industry players the most because they have bigger investments. There is more at stake; they have more to lose. It is also because popular or mainstream movies get pirated the most, especially Hollywood blockbusters (Mattelart, “Informal” 740). Hence, Hollywood is championing the fight against piracy because its bottom line greatly suffers (Pang, “Cultural” 82). Does this mean that indie films or smaller players are exempted from piracy? Not at all, as long as the title is or becomes popular, one can expect a pirated release. While there are always exceptions, this general rule is especially true for disc-based piracy. Pirates almost always only reproduce and sell copies of hit films because their popularity begets sales. Hence, with the recent resurgence of Philippine independent cinema and with some of its titles gaining popularity, piracy has reached the shores of the indie sector.

7.2.3. Value of piracy

By taking a more constructive approach to discussing piracy, this section asks: What value does piracy bring to the table, if any? It might be unthinkable for many to see the “goodness” in piracy or its benefits for the film or industry. However, some production outfits consider being pirated as a compliment because it bespeaks of an underlying message that a title is “successful” and implies that it has good box office sales or a large viewership. This is based on the premise that only popular works get pirated (Iordanova, “Digital” 16) because this means guaranteed sales for the pirates. Hence, Lobato considers piracy as a side effect of a booming legitimate business (“Six Faces” 22). For example, HBO TV series *Game of Thrones* celebrates its “most downloaded” (Stepan 403) or “most pirated” status, and its creators even declare that it is even better than winning a Grammy or an Emmy. HBO further confirms that piracy has actually increased the network’s prestige and subscription (Atkinson 173-4; Baumgärtel,

“Triumph” 238-9) and any supposed loss resulting from piracy is offset by DVD sales (Rossen). In this sense, piracy can be used as a yardstick of success. This could mean that when an indie film gets pirated, it has had its share of successful run and that a presumably inaccessible film has gone beyond its typical niche audience. But is piracy’s effect on the indies similar to that of the mainstream players?

Going back to the uncertainty principle in the film industry as discussed in Chapter Five, there is no formula or flop-proof business model that can guarantee a film to become a hit. It follows that when a film is pirated, there is also no guarantee that it will no longer make any sales in the box office or in its ancillary market. While this counter premise can be generally true, it is still a case-to-case basis. The reason that there is an evident drop in box office sales is that exhibitors decide to reduce the number of screens of a movie once a piracy incidence is reported. In the case of *Heneral Luna* (2014), piracy has not prevented the film from making record-breaking DVD sales (Sallan, “Heneral”) nor slowing down its merchandise sales. The same thing can be said of *That Thing Called Tadhana* (2014). Piracy has not hindered its filmmaker Antoinette Jadaone from coming out with a DVD release and publishing the screenplay and an actual storybook that the film characters worked on together. These films have created a solid fan base and strong following that audience continues to support and patronise their ancillary products. As Jenkins notes, fans treat intellectual property as “shareware” that accumulates value, as it moves across various contexts (“Quentin” 289). Piracy has not deterred the film from making any subsequent sales. In fact, piracy has generated a lot of buzz for the film, which has propagated the popularity of these films further. This in turn has also increased Jadaone’s reputational capital, which has given her a number of consecutive

film projects with big film outfits like Star Cinema. Piracy then seems to be a blessing in disguise (“Invisible” 165).

The perennial challenge for independent filmmakers has always been to get their content out in the market (Sparrow 31)—to become visible and accessible to a bigger audience. Piracy provides that visibility and accessibility, albeit informally. It actually plays a vital “role in creating audiences and demand for media products” (Miller et al, “Global Hollywood” 116; qtd. in Klinger 108). Therefore, the real threat to filmmakers is not piracy but invisibility (Gubbins 69) and obscurity (Sparrow 31). In a way, it is of lesser evil to be pirated than to be invisible especially in today’s attention economy, where one competes with the short attention span of consumers due to the very fast information or content flow. Piracy strengthens the film’s presence in popular or mass culture, which in turn increases the film’s cultural value (Jenkins, “Quentin” 289) and may boost the film’s economic value in the long run (Tryon, “Reinventing” 1). I argue therefore that there is value in piracy that we tend to overlook. There is an invisible and undefined value that piracy brings to being visible despite the absence of (immediate) monetary returns. It is these “invisible income-generating activities” that informal economy research aims to uncover (“Communication” 34).

Piracy is a lucrative business; only its wealth distribution takes a different form (Lobato, “Six Faces” 23). While content owners do not get any profit share from what pirates make, their contribution to the bottom line usually comes in another form that producers do not immediately see. What is lost in economic terms is gained elsewhere but they are unable to identify which part of the revenue stream is attributed to (the effect of) piracy. For instance, piracy may actually yield profits from product placement and merchandising. The box office gross maybe smaller and may eventually pull down

the total return on investment but piracy *helps* its film “victims” attain a wide audience reach. Pirates serve as “invisible agents of cultural diversity” (Lobato, “Communication” 34) and see their activities as a form of industry promotion rather than competition (Crisp 112). Hence, Lobato sees piracy as brand awareness more than theft, as it opens new avenues for commercial exploitation (“Invisible” 165).

As such, piracy can be regarded as a great publicity and advertising tool (Lobato, “Constructing” 118; “Six Faces” 24; Rossen), which can be charged to and considered as marketing expense. Since marketing campaigns are measured in terms of audience mileage, piracy may even add value to the film’s existing advertising deals that will eventually increase its other income-generating avenues (Lobato, “Six Faces” 22). Thus, this (still) forms part the audience maximisation objective of film distribution and makes piracy an important component of the whole media circulation landscape. This is how piracy constructs value for the usually invisible or inaccessible indie film and what Jenkins et al designate as “value” that is transformed into “worth” (“Spreadable” 72), where the film’s total worth is not just measured in terms of its economic value. As Chris Anderson notes, piracy is not so much about loss as it is about “lesser gain” (“Free” 71; Iordanova, “Digital” 14). We almost always immediately see the (economic) loss caused by piracy but we cannot see the subsequent gains it contributes. This is attributed to the active anti-piracy campaign that has conditioned people to think that piracy serves no benefit. It is this widespread constructed negative view on piracy that clouds people’s perception and prevents them from having an alternative outlook on piracy.

In most developing countries, pirated films are also “a privileged means” (Mattelart, “Informal” 740) or the only way to obtain titles that are not easily available legally (Baumgärtel, “Culture” 30; “Media” 16-7). As discussed in Chapter Six, piracy fills

the gap that the market does not offer. It provides the speed and convenience of procuring hard-to-find movies (Baumgärtel, “Media” 17; “Triumph” 243; Harris 33; Sparrow 35). The active campaign on combatting piracy has also generated secondary activities and new businesses that focus on suppressing or preventing piratical activities (Lobato and Thomas, “Business” 607-8). This is why Lobato views piracy constructively and approaches it as a “market issue” more than a moral or ethical one (“Informal” 84). He recommends focusing on the generative (Lobato and Thomas, “Business” 606; “The Informal” 41) and transformative aspects of piracy and look at its potential to “disseminate culture, knowledge, and capital” (Lobato, “Mapping” 226, “Six Faces” 29).

Another way of handling the piracy “problem” is to work with it or around it. Lobato cites what can be learned from the pornography business as an example. Its piracy rate is estimated at 85% and yet it is one of the more profitable sectors in the entertainment industry. This is because the sector has accepted piracy as a given and factored this into its business models (“Six Faces” 23-4). Instead of spending time and concentrating all efforts on eradicating something as indestructible or undefeatable as piracy, business people should be as creative and innovative as the pirates in devising strategies for monetising piracy (Lobato and Thomas, “Business” 620) and adjusting their operations to accommodate prospective consumers of pirated content (Iordanova, “Digital” 17). Entrepreneurs should think like pirates and see piracy as a potential business model (Lobato, “Mapping” 208; “Six Faces” 22, 28). As discussed in the previous section and chapter for instance, YouTube’s Content ID system and movie apps like MovieClub are able to monetise content and somehow intercept piracy. They have seemingly made content “freely” available online as part of its business model (Iordanova, “Digital” 14).

A more radical approach to the piracy business is for filmmakers or content owners to actually engage in it and collaborate with the pirates (Baumgärtel, “Media” 16). Aside from Filipino independent filmmaker John Torres who has attempted to sell his debut film *Todo, Todo, Teros* (2006) through the pirates in Quiapo, he also confirms that his fellow indie filmmakers are also open to the same idea (Torres 65). They have accepted that piracy is part of the game anyway and that the Quiapo Cinémathèque might actually be a better avenue to sell their films because of its wide network. It appears that turning to the pirates as distributors has been an option. As Shujen Wang puts it, “recruit them” (the pirates) to be part of the distribution team. For instance, Hollywood studios are known to hire former pirates for their local distribution in China (Wang 87). Hong Kong filmmakers also opt to work with pirates than fight them, knowing that their films will eventually get pirated anyway. Many producers even sell advance copies of their films to the pirates for a relatively minimal fee instead of nothing at all (Lobato, “Invisible” 165).

In the Philippines, there is an open secret circulating that there exists an arrangement between the pirates and local producers to give Filipino films at least two weeks of theatrical run before releasing the pirated copies. These are unverified accounts but there are observable patterns that may be able to confirm the validity of these reports. While there are instances when pirated copies are released before or during the first week of screening, it is more common to see them in the streets or available online in its third week. So one may as well include piracy in the release windows hierarchy. Table 11 provides a short list of Filipino films that have been pirated after the supposed two-week theatrical window, as reported on the news. In an email interview however, the Office of the Chair and Executive Director of OMB denies any

Table 11: Sample list of films' theatrical release vis-à-vis pirated release dates

Film title	Theatrical release date	Pirated release date
<i>That Thing Called Tadhana</i> ¹	4 February 2015	16 February 2015
<i>Heneral Luna</i> ²	9 September 2015	25 September 2015
<i>The Achy Breaky Hearts</i> ³	29 June 2016	4 July 2016

Sources: ¹Cayabyab, ²Montenegro, ³Almo

“arrangements” with pirates in terms of the “scheduled” release of pirated discs.

Instead, OMB claims that it sends out “warnings” to unauthorised vendors and conducts overt/ covert operations during the film’s initial release in theatres.

As mentioned earlier, piracy will always be the shadow of the cultural and creative industries. It can never be eliminated. It can be controlled at its best given the existence of several anti-piracy organisations and all the anti-piracy measures in place. However, combatting piracy is almost a futile endeavour in any country. For example, the Optical Media Board (OMB) in the Philippines has conducted several raids in Quiapo and other key pirate areas in the metropolis. However, many claim that these highly publicised operations are staged or mere shows (Trice, “Manila’s” 619; “Quiapo” 535, 539) to project an image of active enforcement and to scare prospective pirates. All former OMB heads are former action stars like Ramon “Bong” Revilla, Jr., Edu Manzano, and Ronnie Ricketts, who have been engaged in some controversies during their appointment. Manzano has been accused of cutting deals with the pirates, and he has never totally denied the allegations (Baumgärtel, “Culture” 30). Meanwhile, Ricketts has been suspended from office for a pending graft case against him, where he and four

other OMB officials have allegedly conspired with the pirates Sky High Marketing Corporation by allowing the release of the seized contraband items in 2010 (Bonquin).

According to freelance video game artist Ryan Sumo, “In the Philippines, piracy isn’t a matter of right or wrong; it’s a matter of survival” (Vitale 297). This is why most pirates and consumers of pirated products in the Philippines rationalise or justify their act—that it is better to pirate foreign films than local ones because Hollywood is earning a lot from them anyway (Baumgärtel, “Culture” 41). They also romanticise piracy as an act of resistance against imperialism (Lobato, “Mapping” 198). Thus, there have been calls to understand piracy from the standpoint of the cultures in which it thrives (Iordanova, “Digital” 14). For example, film scholar Ben Slater regards piracy as a “phenomenon of the local economy” in a non-western context (15). However, piracy is not just a local phenomenon. It is not a practice that is exclusive to specific countries. This is especially true nowadays because according to OMB, “film piracy has become both a transnational and organized criminal activity due to the opening of borderless economies worldwide.” Pirated materials in the Philippines are sourced from other countries and smuggled into the country, from which local pirates reproduce and circulate around the country (OMB). While piracy culture in each country may vary, it is still part of the global informal economy. Hence, piracy cannot simply be a question of culture or a matter of economy separately.

7.3. Audience as distributor

Modern technologies and media convergence have shifted the balance of power from media organisations to the audience (Pavlik and McIntosh 5th 18) and converged

the role of audiences by allowing them to move around all spaces of production, distribution, and consumption. Consumers now take centre stage as content production and distribution become user-led. The birth of social networking sites (SNS) like Facebook and YouTube and their rapid global adoption have reinforced the proliferation of UGC platforms and redefined how people utilise and consume media. Consumers have begun to tread the production space, as they become capable of generating their own content. This leads us to Axel Bruns' idea of the "produser"—the hybrid of being a media producer and user of content at the same time (74). He introduces the model of "produsage," a portmanteau of the words production and usage, to contend Alvin Toffler's concept of "prosumption" or "prosumer" or the merging of producer and consumer (68). Bruns argues that Toffler's concept of "prosumption" is not wholly applicable to describe the creation of user-led content in the age of Web 2.0.

Many traditional distinctions are being blurred here: (1) between the producer and the audience (Sullivan 187-8), as their roles overlap; (2) between professional and amateur film production, as digital filmmaking becomes more accessible and the number of video hosting sites like YouTube grows (J. Lim 520); and (3) between P2P and user-generated websites, as the number of non-UGC being uploaded rises (Sparrow 36). This is also brought about by Facebook's innovative "like" and "share" functions, which have not only enabled users to produce content but also share it themselves. This technological development is very much welcome if users are producing and sharing their own original content. The problem begins when users share someone else's content without consent. This act of unauthorised sharing or posting online then becomes the heart of modern-day pirate distribution.

While all forms of piracy demonstrate the idea of the pirate as an informal distributor, disc- and Internet-based piracy underscore the two-fold function of the audience as pirate and distributor because consumers can illegally copy and distribute content easily given the nature and features of new media technologies such as those demonstrated by P2P networks and file-sharing sites. Everyone does not just become a pirate but also a distributor (Anderson 55; Hirshberg 13; Jenkins, Ford and Green 231; Pavlik and McIntosh 3rd 225). Now, the audience is also traversing the distribution space. All these developments blur the lines between producers, distributors, and consumers/audience (Crisp 4). While the previous section has discussed the negative side of the audience as pirate as informal distributor, this section now explores the positive aspect of the audience as marketer, which is exemplified through the concept of viral marketing.

The origin of viral marketing is not very clear but it is mostly attributed to Steve Jurvetson and Tim Draper from the American venture capital firm Draper Fisher Jurvetson (DFJ; Helm 161). They claim to have coined and introduced the term in 1997, but few other studies have found that the phrase was used in a PC user magazine article as early as 1989 (Petrescu and Korgaonkar 216). Nonetheless, my thesis adopts Jurvetson and Draper's definition of viral marketing, which is "the pattern of rapid adoption through word-of-mouth networks," or a "network-enhanced word of mouth" (DFJ; Pavlik and McIntosh 3rd 233, 5th 18; Petrescu and Korgaonkar 216). The virus analogy or metaphor pertains to the high-speed Internet network that generates an "exponential diffusion of information" (Helm 159), in the same degree that a biological or computer virus spreads (Janes 88). One of the key elements of viral marketing is to

treat each “user as a salesman” (Helm 158) or make every customer an “involuntary salesperson simply by using the product” (DFJ).

It was only when Facebook was born, defaced some of its predecessors / competitors, and dominated the social media space that viral marketing has taken a more solid shape. Facebook’s “like” and “share” features have become the currencies of the new social media economy, which quantify audience reception and audience reach. Value is also assigned to information and content based on the number of hits, likes, and shares, which becomes the measurement of their virality. As Lawrence Lessig puts it, “the more something is shared the more valuable it becomes” (Harris 36-7). In the case of YouTube, a viral video represents the “infectious *distribution* potential of video sharing,” while viral marketing is about the “*promotional* opportunities of such exchanges” (McDonald, “Digital” 392-3, emphasis in original). Hence, whatever the audience liked or paid attention to now becomes a key factor in distribution (Hirshberg 13).

These developments have made “viral marketing” bigger than it was in 1998 when it was voted as the Internet marketing buzzword of the year (Helm 158; Jurvetson and Draper). It has raised discussions about guerrilla marketing and building brand recognition by exploiting social network sites and mobilizing audiences and distributors (Jenkins et al, “Spreadable” 20), and generated other viral-related terms like viral advertising, buzz marketing, word-of-mouth (Petrescu and Korgaonkar 210). More than being a fad term, “viral” now refers to overall marketing campaigns or promotional strategies for consumer goods and services (Janes 87). This technique transforms customers into intermediaries (Helm 159) and prompts them to pass on a marketing message (Finney and Triana 166; Petrescu and Korgaonkar 217) that will eventually

create an exponential wave of buzz. In turn, this will assist producers in identifying the success drivers of films that can facilitate budget allocation more effectively and minimise risks (Roschk and Große 300). This also helps marketers build a relationship with their target audience (Helm 161; Petrescu and Korgaonkar 213), as well as understand the relationships between and among consumers (Janes 88).

While “viral marketing” is considered as a new catchphrase, it is rooted in the old concept of word-of-mouth (Janes 89). It is an informal and “unpaid verbal consumer-to-consumer communication” (216) regarding one’s positive or negative assessment of a brand, product, or service (de Vany 49; E. Anderson 6; Helm 158; Kerrigan 115; Liu 74; Roschk and Große 305). It is best used in establishing credence especially for experience goods like cinema (Petrescu and Korgaonkar 221) where one does not simply see a movie but experience it. As Lee and Holt assert, “Audience reactions are the ultimate measure of a picture’s entertainment power” (52). Hence, informal discussions about the film’s merits among those who have seen the film are taken seriously (de Propis and Mwaura 18) and tend to have more impact (Petrescu and Korgaonkar 225) and carry more weight than media advertising (Gonring and Crisp 12; Roschk and Große 305). They act as testimonials that can either encourage or discourage more viewers.

Research shows that there is a causal relationship between word-of-mouth and a film’s box office performance (Hoppenstand 235; Kerrigan 116; Knight and Thomas 270; Roschk and Große 300). This is especially crucial for the film’s opening week, as good or bad word-of-mouth can dictate the movie’s fate in the theatres—whether it would have an extended run or not. This in turn affects the film’s long-term theatrical box office revenue (Roschk and Große 300-1) since negative word-of-mouth decreases the movie’s demand and its number of screens (Epstein 197, 202), while positive word-of-mouth

increases them (Moul and Shugan 92, 105, 132) and sustains the film in the market (Kerrigan 115). Although some studies claim that the quality of word-of-mouth does not have any impact on box office results (Liu 78; Roschk and Große 305), the industry is still wary of any bad feedback (Janes 89).

The modern-day word-of-mouth indicates a veering away from traditional 'top-down' or above-the-line marketing approaches. It is proactive (Helm 160), non-interruptive, and consumer-driven (Petrescu and Korgaonkar 213) instead of advertiser-controlled (Kirby 134). Later, producers, distributors and exhibitors have learned about their power and exploited their technological potential (Knight and Thomas 270) and used consumers as marketing tools (Lury 192). All films now also include viral marketing campaigns (de Vany 49) such as trailers uploaded on YouTube and official Facebook sites (Janes 91). The viral strategy objective is to maximise audience reach or "eyeballs" (Helm 160) among consumers who spend most of their time online (Janes 99), as the number of hits can potentially translate into movie ticket sales. Since then, different forms of online word-of-mouth have emerged such as online communities, chat rooms, blog sites, video blogs or vlogs (J. Lim 518, 520), web portals, recommendation sites, customer-review sections of online retailers, movie databases, and online critics' sites (Eliashberg et al 648), which are all considered as free distribution channels.

In this sense, the Internet has amplified the power of ordinary viewers' opinions that contribute to word-of-mouth advertising (Anderson, "Longer" 107; Helm 159; King, "Indie 2.0" 118). It has made word-of-mouth an even stronger force that can make or break a film (Iordanova, "Budding" 45; Buckland, "Measuring" 226-7) and decide its fate in theatres (Gubbins 74-5). While having a favourable word-of-mouth benefits both big and small films (Beaupre 194; McDonald, "Digital" 393), it has a greater effect on smaller

players (Buckland, “Measuring” 227; Petrescu and Korgaonkar 221; Roschk and Große 305; Rossen) because they do not have a huge marketing budget that will promote the movie on a big scale. They only rely on audience’s positive feedback, which is free advertising for them (S. Murray, “Cultivating” 166). Viral marketing strategies harness the resources of the audiences (Kerrigan 206). Hence, their active participation in content production and distribution includes contributing their labour as marketers (Cubitt 210). Producers or distributors only need to pay for the utilisation of the online platform and let the audience do the rest of the job. This saves them from incurring additional labour and overhead costs.

Most indie films also start their online publicity and promotion several months before their theatrical release to generate an active fan base, which could be used as a selling point to prospective financial backers (Marich 345). As mentioned in Chapter Five, this was how the independent film *Kimmy Dora* (2009) did it in the Philippines. In an interview, the film’s producers Moira Lang and Tammy Dinopol confirm that they had to launch an early viral marketing campaign to create a buzz that would generate an “early audience” i.e. those who would watch the film on opening day up to the first weekend to spread the good word about the film and create a ripple effect. Since they did not have a big marketing budget, they also partnered with GMA broadcast network to air their TV spots in exchange for the film’s TV rights. Having had a successful viral marketing campaign and good box-office results for *Kimmy Dora*, Lang and Dinopol have also applied the same strategy to the film *Zombadings* (2011) that also became a hit. Soon enough, viral/ social media marketing has taken off as an effective promotional tool that all films would always have an official Facebook page to market films. Other independent films like *English Only, Please* (San Diego, ““English””), *That Thing Called*

Tadhana (Cham), and *Heneral Luna* (Sallan, “Critical”) attribute a big part of their box office success to positive word-of-mouth. However, an innovative technique like viral marketing has still its corresponding elements of uncertainty and unpredictability (Lobato and Thomas, “The Informal” 42). Not all indie films that have utilised viral campaigns took off as the producers hoped for such as *Silong* (Shelter, 2015) and *Tandem* (2015) among others.

As viral marketing largely depends on the power of audiences, they now become the modern-day “independent” distributor of (independent) films. It is all about engaging audiences now as both subject and object—that is “to engage an audience and to be engaged by an audience” (Atkinson 2). As audience members participate in various online activities by writing reviews, remixing ads or reediting trailers, they also become jointly responsible for distributing them (Daly 140). In a number of ways, the audiences form part in shaping an emerging cinema (Atkinson 2) and somehow contribute to what constitutes as its “canon” (Crisp 3). Everyone now becomes a film critic, as the power to influence and define taste shifts from the “real” or professional film experts to audience members (Gubbins 74-5; Pardo 38). This echoes the idea discussed in Chapter Four that everyone is now a cultural intermediary, as power is now decentralised and distributed to practically everyone because of these technological developments. While “canon” is a big word to use, the effect of this power shift is really about expanding and balancing the space of film criticism by including the perspective of *ordinary* viewers, especially since film critics or expert viewers may not necessarily represent the voice of the mass audience. As such, it empowers the wider moviegoing public by giving them a voice, hearing their feedback, allowing them to exchange opinions freely, and interacting with one another.

However, more than transforming the audience as informal film distributors, viral marketing is a subtle way of developing the audience. By liking and sharing a trailer or a Facebook post from the film or even “distributing” the whole film illegally, audience members are exposed to a new sense of cinema outside the common mainstream fare and (hopefully) cultivate a better perception and understanding of independent films. As they become informal distributors, they also become informally informed about indie films through the information fed by film producers or promoters on their SNS. By talking about them and actively participating in the discussion, a dialogue about independent films ensues and paves the way to push them from the periphery into a more visible area of filmmaking. Unlike before, one only hears about indie films in the news or in schools or festivals. Also, word of mouth only occurs when the movie is shown or after the audience has seen the movie. Now, the film’s virality begins from its promotion. Audience engagement starts even before the film opens in theatres. At the same time, filmmakers, including producers and marketers, can reach out directly to the audience. As such, viral marketing serves as a cheaper alternative to traditional marketing tools and proves to be a more effective way of promoting indie films because the rate of virality is faster, the degree of engagement is higher, and the reach of influence is wider. As new media technology empowers the audience, it also develops the audience of indie cinema gradually, which in effect helps the indie sector to flourish.

7.4. Conclusion

As the last three chapters demonstrate, the heart of film distribution is the formal economy of theatrical release since it produces the most economic value compared with

other release windows. Hence, theatrical distribution will always be favoured and the majors always prioritised. All other distribution forms including semi-formal and informal are considered alternatives. This chapter is about those other options that are either unexplored or always seen in a bad light such as (independent) self-distribution and piracy. First, this chapter has fleshed out a clearer definition of the semi-formal film distribution economy by citing self-distribution as an example. It combines the characteristics of both formal and informal economy where there may or may not be formal contractual agreements between producers and exhibitors but the transaction is legitimate since there is consent from the copyright holder. This classification is made based on the premise that the content producer or copyright owner has a direct contact with the exhibitor and thus reduces, if not eliminates, the intermediation process. Second, this chapter has discussed the constructive effects of piracy such as the invisible value it generates for the film/maker. Lastly, this chapter has explained how new media technologies have transformed audiences as informal distributors and thereby developing the audience base of the independent sector indirectly.

Since independent films are usually perceived to have a niche audience and defined from the perspective of the mainstream, they are also seen to require a non-mainstream way of promotion or distribution. Hence, indie filmmakers typically take the alternative route of self-distribution after exhausting all efforts of securing a theatrical run. However, not many indies take up the challenge because it is time- and energy-consuming, return on investment could be slow, and there is no minimum guarantee. Therefore, even if the layers of intermediaries like distributors are minimised or removed, self-distribution is not the key to the indie sector's quest for sustainability. Although as argued in Chapter Six, there is no single distribution strategy that can

generally address the sustainability issue. As Tryon also notes, DIY distribution offers a “language of empowerment and choice” that encourages filmmakers to forge traditional and alternative distribution models. Hence, self-distribution is really about “the challenge that independent filmmakers face in sustaining an audience” (“On-demand” 137).

The age of Web 2.0 and attention economy is all about audiences. New media technologies have paved the way for audiences to hold power especially since media forms have converged and merged the roles of producers, distributors, and consumers. Hence, aside from self-distributing films, utilising the audience as part of the movers of the informal distribution system will be to the advantage of the content producer. Several films from independent and new industry players have yielded good box office results through the viral power of word-of-mouth. While consumers are technically not distributors in the traditional sense, they act as distributors on two levels: (1) by participating in the marketing component of distribution by spreading good or bad word-of-mouth, online or offline; and (2) by sharing (original) UGC like ad remixes or non-UGC that may include pirated content.

With that power of the audience to spread good (or bad) word about a film also comes the negative side of virality. It is also as easy to post and share unauthorised film content, which makes online piracy so rampant and difficult to control. This informal distribution system of piracy is rarely seen to contribute any value to the film value chain. I argue otherwise. Film distribution, whether formal, semi-formal or informal, should not only be measured in economic terms but as a whole to include its cultural value among others. There are indirect cultural and economic values that piracy brings, which are invisible to the content owners. While piracy is unarguably an immediate

deterrent to the film's bottom line, there are long-term benefits that are not easily seen and cannot be measured. As Lobato and Thomas point out, the informal distribution system is more typical rather than exceptional. It reflects a country's technological development and regulatory environment and forms part its broader political economy ("The Informal" 23). Ironical as it may be but the technology that harnesses the potential of filmmakers is also the very same technology that threatens them.

Undoubtedly, if piracy hurts the business of the big players, it hurts the indies even more. Hence, if technology causes the 'problem,' technology must also be the solution. Instead of fighting piracy, it is best to work with it since technology will always favour piracy. The pirate network works through and around formal institutions (Wang 74). The industry must therefore acknowledge that piracy is a given, recognise that it is a market extension and a market gap-filler (Lobato and Thomas, "The Informal" 14), and then formulate a business model that includes piracy as part of the equation since the formal and informal distribution systems are interconnected by "exchanges of personnel, ideas, content and capital" (18; Lobato, "Informal" 86). Hence, the concept of symbiosis that Crisp suggests is an appropriate metaphor to describe this interlocking ecosystem of media distribution (161, 180). Just as the film industry is about the interdependence of the mainstream and independent sector, so is film distribution about the interdependence of the formal and informal economies (Lobato and Thomas, "The Informal" 12).

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Chapter 8

The Philippine Film Industry, the State, and Cultural Policy

This thesis begins with an establishing shot of locating my research in the field and then dissolves to a full shot of Philippine independent cinema from its historical development up to its present state. It then zooms in to a close-up of the intermediary spaces of film distribution and exhibition and then to an extreme close-up of the formality spectrum of film distribution economies—from the formality of theatrical and non-theatrical distribution where the hierarchy of release windows puts high priority on and assigns great value to theatrical release, to the promise of emerging distribution platforms, to the semi-formality of independent or self-distribution, and up to the invisible value of informal distribution where piracy is a major element. As I round up my discussion of film distribution economies, this final chapter zooms out from the inner workings of the film value chain to show the big picture of the Philippine film industry by looking at the interrelationship of the industry, the state, and cultural policy.

First, this chapter examines the status of the film industry as an industry—where or how it is classified and how this positioning gives the Philippine film industry an identity (or not) and affects (film) policy development and impacts the larger national economy. Second, this chapter clarifies how cultural policy is defined, understood, and applied in the Philippines in relation to Philippine cinema. It looks into the policies of the state and the state of cultural policy in the Philippines by reviewing existing policy documents and pending bills in the Congress and the Senate. Lastly, this chapter delves

into the roles that (national) cultural institutions and industry associations play as primary drivers or support mechanisms and how they become platforms for the upliftment of the independent film sector and towards the sustainability of the film industry. More importantly, it probes into the role of the state in enacting, implementing, and communicating its policies to the people. It also gives a critical engagement of the political implications of these policies and how they affect and impact the present state of the Philippine film industry. As a whole, the intersection of these three elements—the industry, the state, and cultural policy— composes a complete picture of and brings my study on the cultural economy of distribution and Philippine independent cinema to a close.

8.1. Locating the Philippine film industry

As I have mentioned in Chapter One, film is both a cultural good and an economic commodity. In this respect, the film industry has also been approached through these two aspects. First, it recognises that film is a product that involves artistic and cultural values and produces meaning. Second, it is defined as an industry that generates economic value and is measured through the film's box-office results and other forms of revenue. However, both elements are not always reflected in the way that government classifies or positions the film industry. More often than not, the economic component is emphasised and becomes the sole basis of (film's industrial) classification. I illustrate this below by tracing how the Philippine film industry was first categorised, how it has moved from one grouping to another, and how all these become muddled up as new industry concepts are introduced further. The issue becomes more complex when this

unstable classification is used to situate film in the realm of cultural policy and to justify film as an object thereof. This clearly shows how the government and its officials are lost in a plethora of labels due to their insufficient industry knowledge and understanding and because the Philippine film industry has never been really defined in its proper context to accommodate the cultural and economic aspects of film.

As I have also detailed in Chapter Two, some film scholars have declared the industry status of Philippine cinema as early as the 1920s. While (*industry*) practitioners acknowledge this as a fact and use “film industry” loosely, it is important to look at how the national government recognises Philippine cinema officially, as this will have a direct and indirect impact on the *industry* in terms of its representation, conduct of business, international relations, and most especially its implications on policy development and implementation. Therefore, it is imperative that the “identity” of Philippine cinema be clearly established and defined in the overall industrial landscape. Having a clear understanding of Philippine cinema’s industry status provides a better view of the bigger picture and helps us determine cinema’s position in the national agenda in terms of priority setting, future direction, and how the state perceives and thereby values the film *industry* as an industry. Hence, this section acts as a frame of reference that will anchor my discussion on cultural/ film policy in the succeeding sections.

In general, people are accustomed to refer to a country’s film landscape as the “film industry.” It has also become acceptable or natural to ask someone, “How’s the film industry in your country?” The assumption is almost always to regard cinema as an industry in the sense that it is a big entertainment business because it has always been the “film industry” everywhere else. The *Oxford English Dictionary* defines industry as “a particular form or sector of productive work, trade, or manufacture,” which generally

involves “any commercial activity or enterprise” that is “typically organized on a large scale and requiring the investment of capital” (“Industry”). It cites the film industry as an example, where the modifying word indicates the activity type or primary product. Hence, the notion of industry is largely business-oriented and framed within the economic perspective.

In the Philippines, the Standards and Classification Systems Division of the National Statistical Classification Board (NSCB) is in charge of preparing the Philippine Standard Industrial Classification (PSIC) system. This is used in providing a detailed categorisation of all existing industries in the country based on the type of productive activities that each establishment undertakes. It is modelled after the United Nations International Standard Industrial Classification (ISIC) Rev. 4 but modified to suit the country’s situation and requirements (NSCB, “2009” iii). The NSCB clarifies that the PSIC system is a classification of economic activity and not that of goods and services. It defines industry as “the set of all production units engaged primarily in the same or similar kinds of productive economic activity” (xii). The NSCB also revises the classification periodically to mirror any changes in economic activities such as those employing new technologies, to include new or emerging industries, and to remain aligned with any ISIC revisions for international comparability (iii).

The first PSIC was released in 1954 based on the 1948 ISIC draft, and then revised in 1966, 1977, and 1994 based on the subsequent ISIC revisions (Salutan). The most recent PSIC document was published in 2009. The major changes reflected here include the merging of some industries under one section and the introduction of new ones. For example, Section J (Information and Communication) is created to combine “the activities of the production and distribution of information and cultural products”

among others. This section is now comprised of six divisions that include publishing; software publishing, motion picture and sound recording; radio and TV broadcasting and programming; telecommunication; information technology; and other information service activities. It also notes that all these activities were previously classified under the sections: manufacturing; transport, storage and communications; and real estate, renting and business activities in the 1994 PSIC (NSCB, “2009” ix).

There are two major issues here. First, when one revisits the 1994 PSIC document, it shows that “motion picture and video production (excluding animation)” is classified under division 92: recreational, cultural and sporting activities (NSCB, “1994” 175), under section O: other community, social and personal service activities (172), which is not indicated in the explanation of the composition of section J in the 2009 document. Coincidentally, it is interesting to note how “motion picture and video production” is being *othered* by the 1994 PSIC, considering that section O represents “other” activities and that it is actually grouped together with division 90: sewage and refuse disposal sanitation and similar activities, among others (172). Second, while there are set criteria for elevating or downgrading an industry to another classification (NSCB, “2009” vii), there is no clear delineation as to how each section is defined. The 2009 PSIC document explains what is covered by sections J and R but it does not state the basis for its classification or what line separates “information and communication” from “arts, entertainment and recreation,” respectively. For instance, filmmaking falls under section J division 59: motion picture, video and television programme production, sound recording and music publishing activities. However, this can also be classified under section R since motion picture is also an art form and entertainment source.

The confusion adds up when the concept of creative industries was introduced in the Philippines. While there is no known date of its *official* adoption, it is estimated to have been picked up between 2003 when the World Intellectual Property Organization (WIPO) published its *Guide on Surveying the Economic Contribution of the Copyright Industries* and 2006 when a formal study was conducted for the Philippines (and released in 2007) (WIPO 12). Following WIPO's definition of terms, "creative industries" serves as the umbrella term that includes "copyright-based industries" and "cultural industries." The former functions "under the protection of copyright and related rights," while the latter produces and distributes goods and services that convey "cultural expressions in the context of the 2005 UNESCO Convention on the protection and promotion of the diversity of cultural expressions." However, WIPO also notes that these three terms are used interchangeably throughout the guidebook (30). While all these new concepts of industries are technically and contextually different, the term "creative industries" has become a catchphrase and is used loosely in the Philippines. Nonetheless, this is not an exclusive predicament to the Philippines. New adopters of the phrase go through the same dilemma because it is a relatively new concept that is surrounded by ongoing international debates, and thus still unclear to everyone. As Oakley and O'Connor argue, "The problem is not just a question of definitions and terminologies.... It is more that the broad agreement on the fundamental purpose of public policy for culture, media and communications has more or less collapsed, or at least fragmented" (6).

To date, there are only two studies on the Philippine creative industries. The first one is led by Eduardo Morato of Bayan Academy, as commissioned by the Cultural Center of the Philippines and the National Commission for Culture and the Arts.

Released in 2010, the research maps out or at least demonstrates how the concept of creative industries is applied in the Philippine context. The second one is prepared by Fatima del Prado of the Philippine Institute for Development Studies. Drafted in 2014, her report aims to update the earlier study and describe the current state of the Philippine creative industries. Based on the UNESCO Creative Economy Report 2013, there are six creative industries models adopted by different countries (22). While the Philippines does not adopt any of the existing models, it is widely influenced by the UNCTAD and WIPO models, from which Morato develops the Philippine model of creative industries (See Table 12).

Table 12. Philippine Creative Industries Mapping

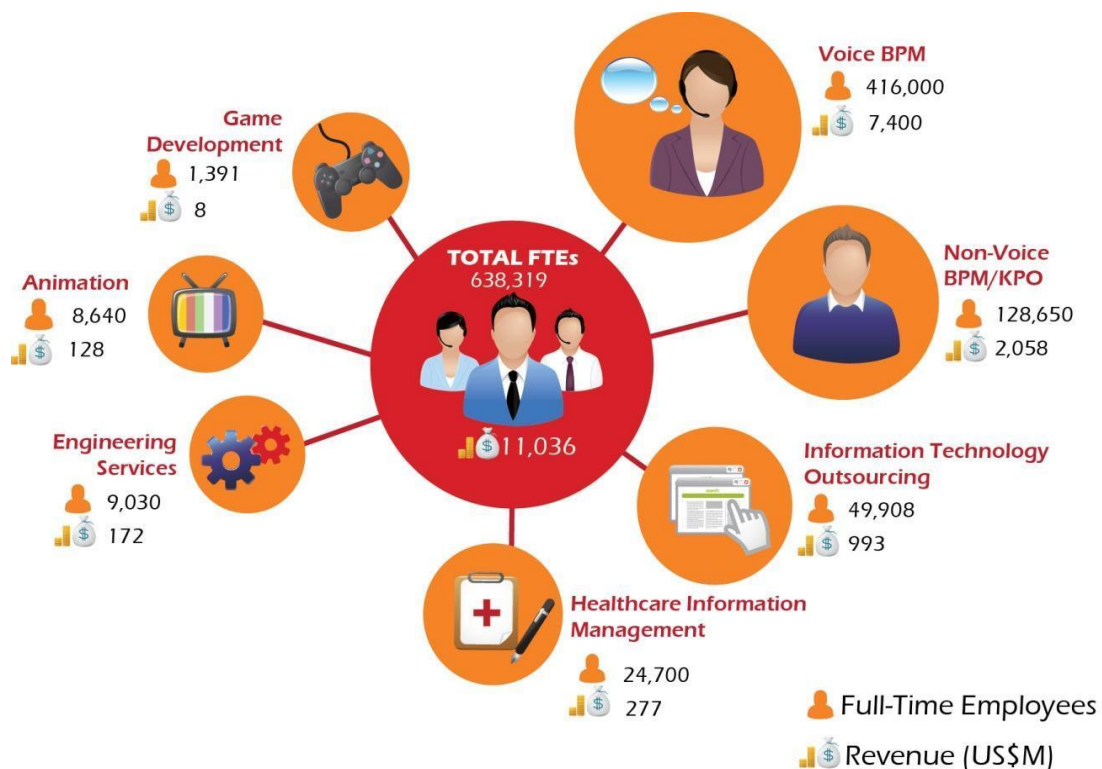
Creative Field	Creative Sectors Involved
Heritage and the Fine Arts	Performing Arts ♦ Visual/Literary Arts Traditional Arts and Crafts ♦ Cultural Sites
Industrial Design and Architecture	Packaging Design ♦ Textile/Fashion Design Interior Design ♦ Architecture Product Design (Hardgoods)
Publishing and Print media	Print Media (News) ♦ Books and Magazines Dissertations/Articles
Audiovisuals	Broadcast (TV/Radio) ♦ Film New Media (Internet/Mobile Devices)
Science and Technology	Research & Development in Manufacturing (Electronics and Communication, Food, Drug, Housing and Transport) ♦ ICT
Creative Services	Animation and Gaming ♦ Advertising and Graphics ♦ Recreational Services ♦ ITES

Source: Morato, Eduardo. "Philippine Creative Industries Mapping." Slide 11.

The problem with Morato's model is similar to that of the 2009 PSIC document, in the sense that "audiovisuals" and "creative services" are not clearly distinguished and

defined. For instance, “animation and gaming” is classified under creative services but this can also fall under audiovisuals, in the same manner that film can be housed in creative services. Or these two categories can be merged as one, especially if one considers Cunningham’s argument that the creative industries are “intrinsically hybrid” that is both cultural and service-based by nature (“Genealogy” 112). Compounding the confusion of classification further is the dynamic and growing outsourcing (now known as the Information Technology and Business Process Management [IT-BPM]) industry in the Philippines, where animation and gaming are included but film and other “audiovisuals” are excluded (IBPAP 25; See Figure 15). Given this, it can be inferred that the idea of “creative services” is to be a service provider (of creativity), which is being

Figure 15. The Philippine IT-BPM industry



IT-BPM: information technology and business process management;

GIC: global in-house center; FTEs: full-time employees; KPO: knowledge process outsourcing

Source: IBPAP. “2012-2016 IT-BPM Road Map.” Slide 25.

equated to outsourcing services or at least a part of the IT-BPM industry, while “audiovisuals” connotes original content production.

In another related study that examines the competitiveness of the country’s audiovisual services sector, Pasadilla and Lantin ask whether the Philippines can “follow” Bollywood. There are several underlying problems in their research. First, the title misleads its readers into thinking that it is a comparative study between Bollywood and the Philippine film industry, where the former is used as a model of a “successful” film industry. Second, Pasadilla and Lantin are making false assumptions based on their limited understanding of the film industry in general. For instance, they refer to Bollywood as the whole Indian film industry (99), whereas several film industries exist in India, and Bollywood is just one (Rajadhyaksha 29). Bollywood is actually popular Bombay or Hindi cinema (Prasad 2)—so popular that it is usually mistaken or generalised as the Indian film industry. While Bollywood is indeed a successful industry, it is inappropriate to compare it with Philippine cinema, as the comparison point is different. Third, competitiveness is measured only in economic terms. Therefore, findings of the study do not offer a holistic view of the film industry and are unreliable.

While the existing researches are good starting points for discussion and as an aid to legislation, they all lean towards the economic side only. This is predominantly the case because generally, the government develops policies using an economic framework (Hill and Kawashima 668-9; Pratt, “Oxymoron” 37; Throsby, “Cultural Policy” 196-7, “Economics and Culture” 139, 149, “Globalization” 37) and measures policy implementation based on economic outputs (Flew and Swift 156; Hesmondhalgh and Pratt 5). Some commonly used criteria for assessing the economic contribution of culture include “gross value of production, value added, fixed capital formation,

employment, exports,” etc. (Throsby, “Cultural Policy” 93, “Globalization” 38). Such economic valuation of arts and culture plays a significant role in gaining material support from the government (Singh 5). Hence, the economic significance of cultural sectors based on “market failure” rationales (Flew and Swift 156; Throsby, “Cultural Policy” 5; Towse 168-71) typically overturns if not marginalises “social welfarist rationales” in informing cultural policy and is used to show the relations between government and culture (Gibson and O’Regan 6).

Thus, all government-initiated studies cited above come from an economic perspective. While measuring the economic benefits of an industry such as film is plausible, it is inadequate to measure the progress of more abstract goals like social cohesion, identity formation, improvement in the quality of life, and community development (Bianchini 211; Blomkamp 639; Kong 65). It is primarily the difficulty of assigning value to these ‘intangibles’ that cultural objectives are being neglected in public policy discourse for the longest time (Blomkamp 639). However, policy formulation grounded on economic valuation is limiting because it is based on the “economists’ capacity to forecast the future directions of the economy or to predict the outcomes of alternative policy measures,” and thus, policy choices are made “on the basis of faith and hope rather than the certainty of achieving particular desired results” (Throsby, “Cultural Policy” 34). As Blomkamp explains further, “Economic measurements have their place in cultural policy analysis, but policy conflicts arise when the intrinsic value argument, which underlies the film community’s traditional justifications for state support of film, is disregarded because it fails to demonstrate quantifiable benefits” (640). Hence, as I have explained in Chapter One, there is a need for a more independent and critical research that utilises the cultural economy approach to include

both cultural and economic perspectives, especially since the cultural element is almost always invisible in prevailing literature.

According to Jaguaribe, policy development in the field of creative industries is relatively new. There are best practices in place but there is no standard policy model to follow. The lack of research data on creative industries especially in developing countries also contributes to the existing knowledge and conceptual gap (326). In the Philippines for example, more than data availability, it is data reliability that is more of a problem. The fact that the industry's economic contribution is used as a basis for government support puts pressure on the industry to do well and declare some "good" data. To illustrate, some industry groups publish a padded figure of its annual industry income to demonstrate that its industry is performing excellently and contributing largely to the economic growth of the country, and thus justifies stronger government support. However, depending on how government interprets this data, a high-performing industry may not be given as much assistance because it is viewed to be a self-sustaining industry. Hence, other industry organisations instead provide a relatively low figure to solicit more state support. This is why looking solely at the economic rewards of an industry is insufficient and does not provide a solid grounding for policymaking. Similarly, the "conceptual confusion" brought about by all these new industry labels also prevents cultural industries policies from taking off successfully (Pratt, "Oxymoron" 35).

In 2008 for instance, then Senate President Manny Villar drafted Senate Bill 2131 to create the Creative Industries Act of the Philippines, where the creative industries are identified as: advertising (print and mass media); printing and literature; music and the performing arts; visual arts; crafts, design and architecture; audiovisual and news media; cultural heritage; and cultural activities. The proposed policy would "strengthen the

country's creative industries through an environment conducive to the development of creativity, ingenuity and innovativeness and geared towards a sustainable industrial growth." This was followed by Senate Bill 2930, proposing the creation of the Design Council of the Philippines Act of 2011, as introduced by then Senator Teofisto Guingona III. The policy aims to "prioritize, strengthen, and promote a design-driven economy by investing on our creative capital" and positioning Philippines as the "design hub of Asia." It defines "design industry" as a sector of the creative industry engaged in environmental design; industrial, product, and fashion design; advertising and visual communications design; and software design. Later in 2013, both bills were consolidated and signed into law through Republic Act 10557 or the Philippine Design Competitiveness Act of 2013 (del Prado). It puts forward the establishment of the Design Center of the Philippines as an attached agency of the DTI and endeavours to promote a design- and creativity-driven society and economy. From what started as a relatively specific and possibly inclusive bill for cinema has turned to become a very broad state policy that puts design alone as the centrepiece of creativity and innovation. While there are several design elements in filmmaking, the policy seems to sidestep cinema as an industry because it is too specific for film and the other *creative* and *cultural* industries and yet too broad a policy because it encompasses all industries that have a design component.

As a result of the conceptual confusion of industry labels and the unclear industrial classification of the film industry, any (cultural/ film) policy that the government develops will also be confused, fragmented, and mostly ineffective. These taxonomic and definitional problems of the cultural and creative industries pose a corresponding issue towards sound policy development and implementation because there are no

defined parameters and no guidelines to follow. Moreover, it is imperative to determine how the government classifies or recognises an industry like film because it reflects how the government values culture and how it assigns value (both cultural and economic) to an industry, from which policies are formed. As Throsby notes, there is no other area that can highlight the direct relationship between culture and economics than that of public policy (“Economics and Culture” 137). Therefore, the best strategy to use is to first locate or identify the industry’s position in the national agenda and then formulate appropriate (cultural) policies for implementation. It is only by having a clear industry identity that policies can be developed properly, such that the industry can move forward with a clear direction.

From a technical and official standpoint, the 2009 PSIC document prevails. Hence, the Philippine film industry is an industry. However, the NSCB needs to clarify how each section is defined and work with other government agencies to agree on how all these industry concepts can be delineated and consolidated accordingly. While film is officially an industry on paper, the next question then is, (how) is it functioning as an industry? How does the government treat or value the film industry? Is the government taking action on its declarations? Is there an “unwritten” hierarchy or ranking of industries? Where is film positioned in its list of priorities? The answers lie further in how the state develops and implements cultural policies governing the industry.

8.2. Cultural policy landscape

8.2.1. Overview and definition

As the field of cultural policy is very broad, and its definition, scope and coverage differ for every nation (Bell and Oakley 59; Cunningham, “Theory” 61; UNCTAD 173), this section begins with a general overview of what cultural policy is and then focuses its discussion on the state of cultural policy in the Philippines within the context of cinema. In December 1967, the UNESCO organised the Round Table on Cultural Policies in Monaco, where the outcome of the meeting was published as a monograph entitled *Cultural Policy: A Preliminary Study* in 1969. (Kleberg and Schultz 26). It defines cultural policy as “the sum total of the conscious and deliberate usages, action or lack of action in a society, aimed at meeting certain cultural needs through the optimum utilization of all the physical and human resources available to that society at a given time” and indicates “that certain criteria for cultural development should be defined, and that culture should be linked to the fulfilment of personality and to economic and social development” (UNESCO, “Cultural Policy” 10). While there are ongoing debates and discussion among various scholars and cultural experts as to how cultural policy is defined, this definition still stands as the foundation of all subsequent definitions even after almost 50 years (See Bell and Oakley 45; Flew and Swift 155; Kawashima, “Importance” 140; Mulcahy, “Definitions” 320-1; Throsby, “Cultural Policy” 24).

In 2008, the *International Journal of Cultural Policy* (IJCP) provides an updated and comprehensive yet overarching definition of cultural policy, which I will be using for this thesis. In their introduction, Ahearne and Bennett describe it as “the promotion or prohibition of cultural practices and values by governments, corporations, other institutions and individuals” (139). This still adopts UNESCO’s idea of cultural policy in terms of an institution’s action or inaction in society but they elaborate on this to explain that cultural policies maybe explicit or implicit—that is policy objectives are

either clearly stated as cultural or hidden or termed another way, respectively (Lobato, “Communication” 41; Throsby, “Cultural Policy” 8).

In line with this, depending on the government’s objectives, cultural policy can co-exist with other types of policies that may have a cultural dimension or impact such as economic policy, trade policy, urban and regional development policies, education policy, and intellectual-property policies among others (Flew and Swift 155). For example, the previous section demonstrates that policy development is usually framed from an economic perspective and thus pushes cultural policy to becoming an arm of economic policy (Flew and Swift 159; Throsby, “Cultural Policy” 5-6). In the Anglophone world for instance, cultural policy refers to the “subsidy, regulation and management of ‘the arts’” (Hesmondhalgh, “Cultural Industries” 166). Another way of positioning cultural policy is in the realm of national identity, which can articulate a particular public philosophy (Rudolph 6; Flibbert 103) and serve as the autobiography of a nation (Bell and Oakley 136). It can be said therefore that the concept of cultural policy is very fluid and adaptable; it is not fixed. As Bell and Oakley assert, the rationales that drive cultural policy change over time (41) and vary according to place and political context (5). This means that cultural policies will also need constant updating to suit the country’s “needs” or pressing issues. For this thesis, I use the terms national policy and public policy interchangeably and as umbrella terms to refer to policies in general, while I consider cultural policy as a type of (national/ public) policy, and film policy as a specific type of cultural policy.

8.2.2. Philippine cultural policy

In the Asian context, cultural policy works differently and takes on various approaches that mostly emphasise the role of national, socio-cultural and political

circumstances but still identify export growth opportunities in the region (Flew, “Creative” 33). Lee and Lim attribute this diversity of policy styles in Asia to the widespread colonisation within the region (5), as well as the supposed unique set of “Asian” values that highly shape state policies, and the different government systems that each Asian country adopts (L. Lim 261). However, it is the “consequences of coloniality” that strongly influence cultural policies because as Mulcahy points out, “national identity typically cannot be assumed” (“Coloniality” 157). In the Philippines for example, the American colonisation has an enormous impact in the way Filipinos perceive and understand culture in general, as well as their own. The process of westernisation is deeply embedded in the Filipino psyche (Fernandez 298) and has created this giant inferiority complex called colonial mentality. It regards the coloniser’s culture as superior to one’s own albeit this maybe subliminal in one’s consciousness (299). This is highly reflected in the decisions that Filipinos make in their daily lives like in terms of their fashion taste, food or entertainment choices, etc.

One of the recommendations in the 1967 UNESCO round-table meeting was to produce a series of monographs over the period of 1970s and early 1980s, which would discuss how each member state understood cultural policy and describe its respective cultural policy practices (Throsby, “Cultural Policy” 1; Kleberg and Schultz 26). The Philippines is one of the UNESCO member states that have been able to release a cultural policy document as early as 1973. Just like Malaysia, Indonesia, and South Korea, the Philippines clearly directs its cultural policy thrust towards the building and development of national identity (Kerrigan 72; Lindsay 659; UNCP 11). This is likewise explicitly embodied in the Philippine constitution, which commits to the “preservation and development of Filipino culture as a means of reinforcing national identity (UNCP 9).

A quick look at the table of contents reveals the scope and coverage of the Philippine cultural policy, which is a reflection of how the national government regards the arts. The art forms included in the policy document are architecture; dance; literature; music; painting; sculpture, arts and crafts; and theatre (UNCP 8, 39). Noticeably, film has been put outside the remit of the national cultural policy even if the 70s (the time the pamphlet was being prepared) was regarded as the second golden age of Philippine cinema. While “film” and “cinema” are mentioned twice each, it is in relation to music and theatre. First, there is Filipino music made for cinema and Filipino filmmakers are encouraged to use Philippine music in lieu of “canned foreign substitutes in their films (UNCP 27-8). Second, audience members are deserting theatre for film and television, so there is a need to develop a “genuine theatre-going habit” just like the “regularity” associated to cinema and television among others (38).

The exclusion of the film industry in cultural policy is not a rare situation. Although with occasional exceptions, one example is Arts Council England’s omission of the media industries from its priority areas (Bell and Oakley 18). Herein lies the ongoing global issue of how a state perceives and treats culture in policymaking. There is a division between seeing “culture as art and culture as a way of life” (18). The former is typically perceived as “high” or traditional culture, which includes classical music, opera, ballet, museum (21), while the latter leans more towards popular culture or commercial culture such as film, television, popular fiction and music (18, 23). Based on this perception of cultural divide, a nation’s cultural policy maybe inclusive or exclusive depending on how policymakers define culture.

For example, film was generally regarded as a technical gizmo that provided entertainment and not enlightenment, in the same manner that videogames did. It was

not until later that “film canons” or “art films” were recognised that some films attained the status of “art” (Bell and Oakley 22-3). Also during the 70s, the concern of cultural policy was geared more towards the social contribution of the creative arts, the benefits that people gain from artistic consumption, and the possible improvement that arts content can bring to the education systems and media (Throsby, “Cultural Policy” 1). Hence more than popular culture, it is the “high” culture or traditional art forms that receive priority, more government support, and a space in the cultural policy arena. The common assumption is that popular culture is already popular and thus, “normal operations of the market” will yield enough high-quality outputs, so the state sees no need for intervention beyond what the competition law provides (Bell and Oakley 23). However, such argument tends to see popular culture like cinema as a commercial activity instead of a “national art.” Such perception is evident in some European countries that have shifted from national to a transnational model of subsidy, which highlights “transnational audience appeal rather than the construction of national citizenship and the pursuit of profitability rather than cultural value” (Hill and Kawashima 670). Nonetheless, there are still countries like Australia, the United States, and other parts of Europe, whose governments recognize “certain cultural forms as more than entertainment, and that because of their educative, moral, heritage, aesthetic, or even spiritual value to society as a whole, these should be supported with public money” (Lindsay 668). France and Canada for example still rationalise government subsidy as a form of cultural protectionism against Hollywood and not as a means for moneymaking (Pang, “Creativity” 117). The same is true for most of Asia where government subsidy is rationalised for “establishing national identity, protection

of moral and religious values, or protection of indigenous cultural heritage (material and expressive)” (Lindsay 668).

As mentioned earlier, the Philippines applies the same rationale for its cultural policy. On paper, it wants to underpin national identity and cultivate a sense of nationalism among Filipinos. However, this does not hold true in actual practice. According to Lumbera, the Philippine government has always treated film as an available income source. “That it could be an effective educational tool and developed into an art form second to none in potential audience reach has not touched the consciousness of government policy-makers” (“1961-1992” 46). Additional proof to this is the absence of an antitrust law and a screen quota policy, which are two of the more common policy instruments that government utilises to achieve national cultural goals (Flibbert 104; Hill 707) and pave a way for industry survival (Armes 40). Although the imposition of a film import quota is a more effective means of protecting the local film industry against foreign competition, it is also not a guarantee. For instance, South Korea had a screen quota policy as early as 1963 but it was only in full force in 1993 when each theatre across the country was mandated to screen domestic films for a minimum of 146 days per year (Kerrigan 72). The ratio of four Korean movie productions to one foreign film was a tall order for most distributors that they produced low quality movies to meet the required quota. Hence, Hollywood blockbusters still ruled despite the existence of such policy (Rousse-Marquet). In the Philippines, a number of government officials have filed bills that would enforce a screen quota but never succeeded. In the 1970s, Congressmen Tito Dupaya and Rodolfo Albano, Jr. proposed a total ban of all foreign films excluding documentary and educational films, while Senators Jose Diokno and Salavador Laurel

suggested a quota of 450 foreign films for the first year once the bill is enacted and reducing it to 400 the following year (Hernando, “Against” 202-3).

At the broader level, while an explicit cultural policy exists in the Philippines, the general public does not know and understand this properly. People’s lack of information or misinformation about Philippine cultural policy can be attributed to the government’s inactive campaign of its cultural initiatives and to the antiquated 1973 policy document that has never been updated. The document could have been updated but might have taken a different form and is not officially acknowledged as the replacement or the revised edition. Over four decades of socio-political and technological developments among others have rendered this policy document irrelevant.

8.2.3. Industry development strategies and other related policies

Throsby asserts the significance of industry policy to cultural industries, as this offers a wide range of opportunities that can encourage the establishment and expansion of the industry and contributes to present and future employment and economic growth. Some government instruments that are used in pursuit of industry policy include an industry development strategy that is “composed of various elements and identify it as a specific national strategy” (“Cultural Policy” 50).

From the bigger picture, every new government administration drafts a Philippine Development Plan (PDP) through the National Economic and Development Authority (NEDA). The plan serves as the government’s framework in formulating policies and implementing development programs and details how the new president will drive the nation’s economy forward within the next six years (NEDA, “About”). Part of the 2011-2016 PDP is the creation of a comprehensive national industrial strategy that would propel the growth of the manufacturing and services sectors and increase their global

competitiveness (del Prado). The IT-BPM industry is part of this plan, which means that animation and those that are classified under this industry are being considered to have strong potential in contributing to economic growth (NEDA, “PDP” 88). Film is not included here because it is technically not part of this industry. Again, this shows why industry classification matters and how this can have strong policy implications.

The technological boom from the late 1990s onwards has shifted the attention of policymaking to focus on ICT-related industries as drivers of innovation and economic growth. This is especially true in the Asian region where some countries have started adopting the concept of creative industries and challenged “market failure” rationales that have been driving government support for the arts and culture (Flew, “Creative” 33; Flew and Swift 157). This development has also ushered in the idea of “creative economy, where the creative sector is identified as a source of economic dynamism that is pushing the larger macro-economy forward into the new information age (Throsby, “Cultural Policy” 5). It is based on the premise that creativity fuels innovation, which drives technological change, which then boosts economic growth (6). Hence in recent years, most of the cultural policies or industry strategies are oriented towards ICT and infrastructure (Cunningham, “Theory” 61) such that “discourses surrounding technology policy often neglect the cultural dimension,” while cultural policy often demonstrates “ambivalence bordering on antagonism to the influence of media technologies” (Flew and Swift 155-6).

While the Philippines does not have specific industry or technology policies, it has an industry development strategy that is anchored on digital technology called *The Philippine Digital Strategy* (PDS) 2011-2016, which is an updated ICT roadmap of the previous administration. It is based on the premise that ICT cuts across all parts of

society and economy and therefore, a technology-grounded national strategy can be used as an enabling tool to empower citizens, improve quality of education, increase employment opportunities, generate more businesses, fight corruption and poverty, boost economic growth, transform the government, and develop the nation as a whole. The PDS presents a blueprint of the government's "desired direction for the role and use of ICT in uplifting Philippine society" (CICT ii), with a strong focus on supporting the continued growth of the IT-BPM industry (iv). The confusion begins again when the document conflates film and animation as one: "film animation"—presumably to mean animated film as part of the "creative process outsourcing" sector under the IT-BPM umbrella (75, 81). In its table of "digital content categories" however, the PDS makes a distinction between film and animation, where the former means motion picture while the latter refers to "animation characters and avatars" (83). Herein resurfaces the problem of classification and definition. While the PDS has provisions for (digital) content development, it covers all types of digital content and is not specific to the film industry. The strategy is medium-based instead of industry-based and foregrounds technology rather than the content itself or its cultural component.

Another industry-related government instrument is the creative cluster or the grouping of creative businesses, "where networking and reciprocal externalities provide benefits to the businesses involved" such as the creation of cultural industry parks (Throsby, "Cultural Policy" 51). Although not necessarily "creative," such clustering in the Philippines is organised by the Philippine Economic Zone Authority (PEZA), created through Republic Act 7916 or "The Special Economic Zone Act of 1995." It is an attached agency to the Department of Trade and Industry (DTI), which is "tasked to promote investments, extend assistance, register, grant incentives to and facilitate the business

operations of investors in export-oriented manufacturing and service facilities inside selected areas throughout the country.” There are five types of economic zones listed under PEZA: agro-industrial, tourism, manufacturing economic zones, medical tourism parks/ centres, and the biggest of which is the information technology parks/ centres that total to 234 as of July 2016 primarily because of the growing IT-BPM industry (“About PEZA”). Again, because the concept of creative and cultural industries is still unclear to many, there are no creative clusters or zones such as the idea of having an animation or film village (just yet). Hence in the Philippines, anything that is classified as an ICT-related industry like animation will just have to take advantage of the IT parks.

One of the key benefits of being part of PEZA’s declared “Ecozones” is the tax holiday that establishments can receive. While the tax incentive system is one of the many policy instruments that the government implements, it accounts for a substantial amount of money (Hill 717-8). For instance, individual artists, arts and cultural institutions, and non-profit organisations may be given a tax relief or exemption for a certain period of time. (Throsby, “Cultural Policy” 47). These tax breaks could be of big assistance especially to independent film companies or new film outfits that are just starting up (Tzioumakis, “Academic 1” 113-4), if only such creative clusters exist or these Ecozones apply to the film industry.

During the 1950s, co-productions were also common among Asian countries. For instance, the Philippines assisted Indonesia in producing some of their films in colour and helped Singapore in directing some of its earlier films. Korea also had a co-production with Indonesia, while Malaya, Indonesia and Thailand invited directors from India to help them boost the film industries they had just set up then (Vasudev and Cheah 6). Policymakers draft official co-production treaties to forge “a range of

collaborations, technology transfers, and joint funding initiatives in the industry” (Yecies 770). However, these agreements can be driven more by their political motivations instead of their creative and/or economic purposes even if their stated objective on paper is to foster cultural exchange and dialogue (Goldsmith and O’Regan 27-8). For example, the Canadian government has co-production arrangements with more than 50 countries but very few will actually produce a film (29). In fact, the Philippines and Canada signed an audio-visual co-production agreement on 16 October 1998 but no known output has been made. In the 1980s and 1990s, the Canadian government used these co-production contracts as a symbolic, tangible result of discussions with other nations even if these had nothing to do with film. The treaties serve as a testament to Canada’s strong commitment to cultural diversity and exchange, and a sign of Canada’s goodwill and positive international relations (Goldsmith and O’Regan 29). As Yecies’ study on the Chinese-Korean co-production pact affirms, “...any film policy instrument requires far more than words on paper” (782). Another case in point is that the Philippines has over 40 bilateral and regional agreements that push for local film production and exportation but none of them have been activated (Manzano).

The absence of an updated national cultural policy or film policy has led to a multiple and dispersed film-related house and senate bills filed and piled up between 2008 and 2014—some of which are alike or carry similar objectives. I compile some of these pending bills in Table 13. These are all geared towards supporting the whole film industry, while some bills are directed towards uplifting the independent film sector in particular. Their common denominator is the provision of support through subsidised funding or incentive programs, some of which already exist but will be improved further through the enactment of these bills. This is typically the case since some of the

Table 13: List of pending film-related house and senate bills in the Philippines

Bill	Description	Author/s	Date filed
SB 2041	An act transferring the organization, operation and management of the Metro Manila Film Festival (MMFF) from the Metro Manila Development Authority (MMDA) to the Movie Workers Welfare Foundation	Jinggoy Ejercito Estrada	31 Jan 2008
SB 2218	An act transferring the organization, operation and management of the MMFF from the MMDA to the Film Development Council of the Philippines (FDCP)	Ramon Bong Revilla, Jr.	29 Apr 2008
HB 2738	An act mandating the organization, operation and management of the MMFF to the MMFF executive committee	Edcel “Grex” B. Lagman	4 Sep 2013
SB 2560	Local Film Industry Development Act of 2010 (reorganising FDCP to form the Philippine Film Commission)	Juan Miguel Zubiri	5 Oct 2010
SB 1581	Honoring Philippine Independent Films Act	Miriam Defensor Santiago	19 Jul 2010
HB 3451	Philippine Independent Film Incentives Act of 2013	Anthony M. Bravo and Cresente C. Paez	28 Nov 2013
SB 165	Philippine Independent Film Incentives Act of 2016	Grace Poe	30 Jun 2016
HB 4576	Philippine Cinema Appreciation Act for High School Students	Raymond V. Palatino	16 May 2011
HB 4756	Philippine Cinema Appreciation Act for High School Students	Terry L. Ridon	24 Jul 2014

Table 14: List of pending film-related house and senate bills in the Philippines (cont'd.)

Bill	Description	Author/s	Date filed
HB 6228	An act requiring all local movie producers to provide English subtitles on at least one of every five copies of films produced	Emi G. Calixto-Rubiano	28 May 2012
SB 78	Philippine Film Tourism Act of 2013	Grace Poe	1 Jul 2013
HB 2676	Film Tourism Act of 2013	Diosdado Macapagal Arroyo and Gloria Macapagal Arroyo	2 Sep 2013
SB 2160	Fostering Investment through Local and International Movies (FILM) Act	Sonny Angara	4 Mar 2014

HB – House Bill, SB – Senate Bill

traditional pathways of cultural policy implementation are tied to tax incentives (Curtin 676) and the awarding of grants and other types of financial aids to individual artists or arts and cultural institutions among others (Culkin et al 170; David, “Pastime” 129; Hesmondhalgh and Pratt 3; Hill and Kawashima 671; Throsby, “Cultural Policy” 46-7). However, because these proposed legislation come in instalments from various legislators, industry development or progress is also staggered, whereas the concerns of all the bills being filed can be centralised and unified under a national film policy.

8.3. State institutions and industry organisations: A question of politics

The previous section looks more into the explicit policies, where cultural policy is regarded as “the science of arts funding and urban regeneration” (Lobato, “Communication” 37). This section now looks at the interaction of both explicit and

implicit policies based on Lobato's premise that "a different set of priorities and questions emerge" when one begins to define cultural policy as "the art of enriching the cultural life of communities and providing affordable access to texts and technologies of self-representation" (37). This means that cultural policy has both cultural and economic elements; and as explained in the first section, the cultural factor in policy—while written on paper—tends to be forgotten. Again, there is a need to look beyond the economic support functions of these organisations and refocus the policy lens towards the cultural component, which functions mostly as an implicit policy.

In the context of a nation, policymaking and government are tightly connected and inseparable. As Nisbett puts it, "policy inherently involves Government; otherwise there would be no policy" (566). Thus, at the heart of cultural policy beats a political question and agenda (Bell and Oakley 7, 41). It asks: Who makes the policy, for what purposes, and how funding decisions are made? (6). It is always important to keep the question of power in mind when discussing cultural policy (Hesmondhalgh and Pratt 11) because it is not just about providing support for artistic and cultural expressions but also about "addressing major political concepts and redressing legacies of hegemonic dominance" (Mulcahy, "Coloniality" 157). Cultural policy is an exercise of political power because the state spearheads its design and development. Hence, it must be understood in connection to "an underlying cultural politics, processes of ongoing contestation implicating many actors, at all levels, in transformations of meaning, symbols, habits, values, and identity" (Galvan 203).

At the industry level, the Philippines does not have an explicit national film policy—unlike Malaysia, whose National Film Policy has become a major milestone in the history of its film industry (Ahmad 78). However, the lack of a government film

policy does not mean that film is no longer an object of public policy (Kawashima, “Film” 788). During my fieldwork for example, some interview participants are unsure whether the Philippines has a cultural policy in place, while some are quick to respond and cite some government-mandated institutions that serve as the cultural policy equivalent provided under the law (Jardin). The government and the industry have established a number of institutions to oversee the film industry and the arts and culture sector in general. This section makes these organisations as objects of cultural policy analysis by examining their structure, roles, and working relationships with one another, and thereby contributes to this typically missing element in the study of cultural policy in relation to cultural industries (Hesmondhalgh and Pratt 9). This is also aligned with the new direction of cultural policy analysis that the IJCP has set in terms of looking at both the explicit and implicit aspects of cultural policy to understand it better as a whole (Lobato, “Communication” 32).

In the Philippine context, the government-mandated institutions are where the explicit and implicit elements of cultural policy intersect. In fact, these organisations sit somewhere in between the explicit and implicit realms in the sense that they are explicitly created by law and yet, they are not the country’s explicit cultural and film policies either. On the other hand, the non-government organisations technically fall under implicit policies because they operate “outside the realm of formal state programmes” (Lobato, “Communication” 32) and usually on a not-for-profit basis. Hence, they also seek assistance from state institutions to run most of their activities.

Aside from having a national cultural policy, the overall placement of culture within the government structural system indicates the role that society gives towards culture and the role that the state wants it to have (Lindsay 659). This is reflected in the

establishment of a ministry or department that is dedicated to culture. In the Philippines for instance, to be structured as a ministry or department is to be part of the executive department. This means that all agencies, bureaus, and public enterprises are staff offices, while the regional offices across the country carry out the line functions. This also means that fund allocation tends to be higher and implies a stronger commitment to decentralisation (Cariño 114).

The first time that a culture department was established in the Philippines was in July 1947 but it exists only within the Department of Education (Lindsay 658). Later, Culture became a department but shares this *title* with one or two more sectors (See Table 14). Between 1975 and 2001, there had been five name changes but Culture always had to share the department with Education and Sports, and never had its own office, so to speak. From 2001 up to now, Culture is back to being an adjunct agency of Education or presumed to be part of the school curriculum, as provided for by Republic Act No. 9155 or the Governance of Basic Education Act of 2001.

In the past, arts and culture concerns were designated to the First Lady, implying that this was a woman's job and not "weighty enough to bother the President with" (Fernandez 300). While many (cultural) projects had been carried out especially during the Marcos administration, things changed when the Philippines had its first woman president under Corazon Aquino. Under her leadership, culture was given attention equal to that of other sectors (310). Proof to that is the establishment of the Presidential Commission on Culture and the Arts (PCCA) via Executive Order 118, which was signed on 30 January 1987. It was later renamed as the National Commission for Culture and the Arts (NCCA) when Republic Act 7356 was enacted on 3 April 1992. Culture still does not have its own department but this is by far the strongest and most successful

Table 14: Timeline of the establishment of Department of Education

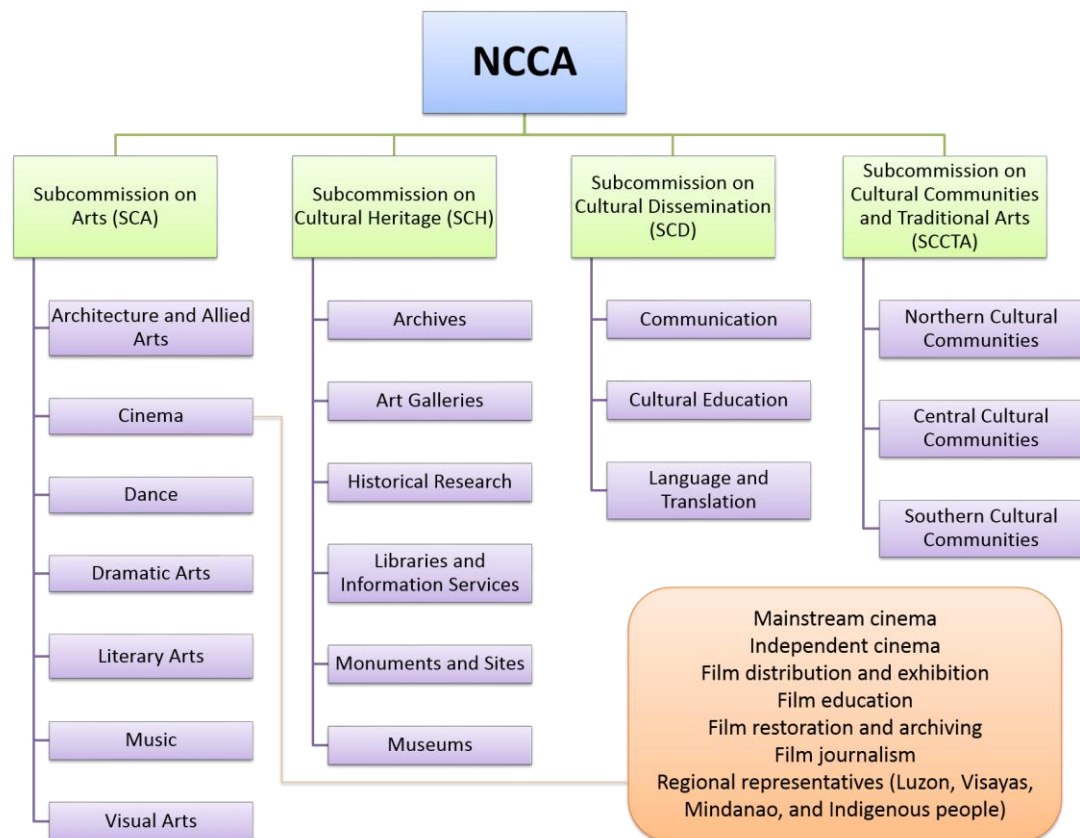
Year	Official Name of Department	Official Titular Head	Legal Bases
1863	Superior Commission of Primary Instruction	Chairman	Educational Decree of 1863
1901-1916	Department of Public Instruction	General Superintendent	Act. No. 74 of the Philippine Commission, Jan. 21, 1901
1916-1942	Department of Public Instruction	Secretary	Organic Act Law of 1916 (Jones Law)
1942-1944	Department of Education, Health and Public Welfare	Commissioner	Renamed by the Japanese Executive Commission, June 11, 1942
1944	Department of Education, Health and Public Welfare	Minister	Renamed by Japanese Sponsored Philippine Republic
1944	Department of Public Instruction	Secretary	Renamed by Japanese Sponsored Philippine Republic
1945-1946	Department of Public Instruction and Information	Secretary	Renamed by the Commonwealth Government
1946-1947	Department of Instruction	Secretary	Renamed by the Commonwealth Government
1947-1975	Department of Education	Secretary	E.O. No. 94 October 1947 (Reorganization Act of 1947)
1975-1978	Department of Education and Culture	Secretary	Proc. No. 1081, September 24, 1972
1978-1984	Ministry of Education and Culture	Minister	P.D. No. 1397, June 2, 1978
1984-1986	Ministry of Education, Culture and Sports	Minister	Education Act of 1982
1987-1994	Department of Education, Culture and Sports	Secretary	E.O. No. 117. January 30, 1987
1994-2001	Department of Education, Culture and Sports	Secretary	RA 7722 and RA 7796, 1994 Trifocalization of Education Management
2001 - present	Department of Education	Secretary	RA 9155, August 2001 (Governance of Basic Education Act)

Source: www.deped.gov.ph/history

initiative to create a Ministry or Commission on Culture separate from Education and Sports. Having a commission that is dedicated to oversee the arts and culture sector is better than just being an attached agency. Thus, the NCCA website claims that it may not have the name but it is the “de facto Ministry of Culture.”

In an interview with NCCA cinema committee head Teddy Co, he describes how the NCCA structure (See Figure 16) works from the bottom-up and contrasts this with the Cultural Center of the Philippines that follows a hierarchy and operates top-down. Committee members are elected based on their sectoral representation. For the longest time, the mainstream sector has four slots and dominates the committee, while the

Figure 16: NCCA organisational structure



Sources: www.ncca.gov.ph/subcommissions/
www.ncca.gov.ph/subcommissions/subcommission-on-the-arts-sca/cinema/

remaining sectors are only given one slot each. It was not until 2008 when filmmaker Peque Gallaga headed the committee that efforts were made to remove one mainstream slot and add this to the indie sector. At present, two slots are allotted each to the mainstream, indie, and academe, while the rest of the sectors have one slot each. The committee's primary function is to assess incoming proposals for grant approval endorsement in the areas of film production, film workshop, and film exhibition or festival. After which, the heads of the seven committees meet as a subcommission to recommend the proposal to the Board of Commissioners for final approval.

From 2001-2010, the Philippines had another woman president, Gloria Macapagal-Arroyo. Despite the controversy of using her power to intervene and ban the film *Live*

Show for public screening in 2001 (just a few months after she was sworn into power) (Yeatter 240), she pledged to help the ailing film industry overcome its problems such as lowering the exorbitant amusement tax (230-1) and that policies under her government would benefit the industry (240). On 7 June 2002, Arroyo signed Republic Act No. 9167, establishing the Film Development Council of the Philippines (FDCP). It integrates the Film Development Foundation of the Philippines (formerly the Experimental Cinema of the Philippines) and the Cinema Evaluation Board (formerly Film Ratings Board) into one institution (Lumbera, “1961-1992” 47; RA 9167). The birth of FDCP is rather late considering that the Philippines has a history of golden ages in its film industry. FDCP is technically not a grant-giving body like NCCA but it has a lot of programs that support filmmaking endeavours or related activities.

FDCP was mandated to establish a national film archive since its creation in 2002 but it was only realised in 2011 under the administration of Benigno “Noy” Aquino III. However, this was not matched with enough funds, and international agencies had to assist in several film restoration and preservation efforts (Trice, “Manila’s” 619-20). Arroyo also signed Executive Order No. 674, creating the Philippine Film Export Service Office (PFESO) under FDCP on 30 October 2007. It aims to promote the industry and the country both inbound—by positioning Philippines as a viable film location and production hub, and outbound—by participating in international film markets and trade fairs; and the recently established International Film Festival Assistance program, which provides travel aids to filmmakers (“Programs”). While the PFESO continues to exist during the Aquino administration, it is not operating at its full capacity because it is treated as an order originating from the previous (opposing) administration (Martinez).

FDCP newly appointed chair Liza Diño admits that the Council has never explored nor activated its policymaking arm. However, this is technically not prescribed explicitly in its powers and functions as provided for by the executive order that created it. Nonetheless, FDCP is the closest the Philippines can have in terms of film policy (for now). Hence, Diño is identifying allies in the legislative department who can sponsor film-related bills for the industry's benefits. She is setting her priorities on the film quota law, the industry incentives provision through the Board of Investments, PFESO's reactivation through proper information dissemination, and full utilisation of the Cinematheque nationwide as alternative screening venues. On the side, FDCP continues to run its programs on film and audience development, film appreciation and criticism through education, and projects that bring Philippine cinema to the youth, communities, and the regions.

While all these are welcome improvements and positive changes in the industry, issues on film distribution and exhibition continue to be unaddressed. All the available government and institutional support I have described thus far are production-centric. All programs lean towards the making of a movie—production and post-production grants, welfare benefits for the workers, recognition for the movie, participation in festivals and film markets, and other rewards or incentives. They do not directly address the distribution and exhibition problem in the domestic market. For example, there is no distribution grant to assist filmmakers in their marketing and promotion efforts or in securing a major distribution deal, or an exhibition subsidy to cover rentals for screening venues. A probable rationale for their absence is that distribution and exhibition are seen as commercial endeavours, and these organisations (especially government agencies) are not mandated to support commercial activities.

In addressing the problem from a policy framework, Throsby suggests to look at the filmmaking value chain so that policy analysts can identify where intervention is needed the most and who among the stakeholders will be affected by the intervention (“Cultural Policy” 25). Kerrigan recommends such intervention to happen at the stages of film distribution and exhibition “in order to ensure that the commercial drivers of exhibitors do not diminish the diversity of the films which are available to cinemagoers” (58). She cites the European Commission as an example, which has developed policies supporting the European film industry from both cultural and industrial perspectives to include distribution assistance (62).

While the Philippine Independent Filmmakers Multi-purpose Cooperative is there to assist indie filmmakers in all filmmaking aspects from production to distribution (Hernandez, “Digital” 100), it is not functioning as it should because almost all its members are busy making films that running the organisation is being neglected. Hence, the suggestion of making the cooperative act as the distribution hub of local indie films has never been realised. Recently however, Diño has been successful in persuading SM, one of the big exhibitors, to sign a three-year memorandum of agreement with FDCP. The partnership states that SM cinema would provide eight theatres nationwide that would screen independent films year-round (Balubar).

The recent changes in the 2016 Metro Manila Film Festival is another case in point (Abad). New festival committee members have been appointed and are redirecting the festival back to its original vision of delivering quality local films to the Filipinos. This action signifies an aesthetic or cultural turn and has been dubbed as revolutionary because the festival now features a diversity of forms and genre including documentary, live-action and animation. Those who are critical of these changes describe it as an

invasion of the indies because the line-up of films is not the usual mainstream fare that has dominated the festival for the last two or three decades. In fact, the exclusion of a famous comedian's film in the festival has allegedly triggered the comedian's brother who sits in the senate to file a resolution proposing a separate independent film festival (Adel). However, National Commission for Culture and the Arts cinema committee member Tito Valiente claims that the festival's victory is not "a matter of the success of 'indie' or 'mainstream' but of one Philippine cinema." The idea is to remove these labels or layers as demonstrated in del Mundo's areas of filmmaking and to just form one big circle as one film industry.

Despite this gradual progressive reform, the exhibitors have exercised their "prerogative" to pull out underperforming festival films in the box office and replace them with those that bring in revenues (Ilas). Exhibitors can technically do this because there is no written policy or any legal basis that prohibits them from doing so. Thus, exhibitors can always renegotiate with the festival on the terms and conditions such as screening films only in selected cinemas even if the festival is supposed to run for ten days (Ramirez). In fact, the festival does not have a clear jurisdiction within which it operates. Again, this problem reflects the need for a policy.

It is also ironic to note that despite the existence of all these institutions—most of which are government-mandated and covered by state policies, the industry is (still) crying that there is inadequate state support, if not none at all. Also, most studies conducted on the state of the Philippine film industry continue to report about its moribund condition even though all these organisations exist as a support system for the industry, especially for those who belong to the periphery or the indies. In attempting to analyse the industry's predicament and find a solution, the Film Academy

of the Philippines (FAP), in partnership with the Fair Trade Alliance Philippines, conducted a study and submitted a film industry roadmap proposal to the Board of Investments (BOI) in 2014. FAP was established through Executive Order No. 640-A under the Marcos administration on 5 January 1981. It is an award-giving body and serves as the umbrella organisation of the various guilds that represent industry workers (“Academy;” Martinez; Tumbocon, “FAP” 249). BOI is a DTI-attached agency tasked to encourage investments in the Philippines and takes charge of drafting roadmaps.

FAP’s director general Leo Martinez cites and explains some of the industry problems identified in the preliminary study. These include the high bureaucracy level involved by having multiple government agencies that lack clear and consistent scope and focus. At some point, there is a redundancy or overlapping of functions among these organisations. For instance, the Movie Workers Welfare Foundation, Inc. (Mowelfund), established in 1974, is a non-stock and non-profit organisation that looks after the welfare of movie workers (“Profile”). However, the various working guilds under FAP also function similarly in terms of upholding their rights as industry professionals. Hence, some members begin to question the relevance and need to have these many groups because it creates more confusion and hinders further industry development. There is also the issue of the tendency to develop a cliquish community instead of a more inclusive one. At the same time, the long-standing internal conflicts within and among these groups prevent industry stakeholders to stand united on matters affecting them directly (Manzano). Issues of politicking keep these institutions disparate and from functioning effectively.

The study also identifies that there is indeed insufficient government support not just financially but also culturally in terms of “developing cohesive, robust and pro-

Filipino policies that would nurture the local industries in general.” There is no viable and effective long-term plan for the industry. Hence, the proposal to have a roadmap and draft a business plan comes as an immediate necessity to drive the industry forward, giving a strong emphasis on policy formulation that focuses on educating the public for better film appreciation in order to develop and enrich the domestic market (Manzano). Martinez highlights this as a priority, as he sees the need to address the problem from a national level first in order to go global. He further reiterates the difficulty of not having a dedicated ministry or department of culture, as well as the need for an anti-trust law to level the playing field. Thus, another recommendation is to have a national film commission that will integrate all these agencies into one independent body and unite the industry. However, as discussed in the previous section, several bills have already been filed addressing these concerns that are just waiting for consolidation and approval. One thing is clear for Martinez: as long as the Philippine government does not have a clear idea of what the film industry is all about, these problems shall remain.

In line with this, Diño is also working with other agencies like the Department of Labor and Employment (DOLE) to lobby for the categorisation of film as an *industry*. She clarifies that from the labour standpoint, film is not yet (officially) regarded as an *industry* because almost all industry workers are on a contractual or per project basis. Thus, problems relating to welfare, tax, discrimination, etc. always surface because the film *industry's* labour force is not protected by law. Again, this can be partly attributed to the film industry's not having a clearly defined identity and the government's poor understanding of the film industry. However, recent developments such as the deaths of two film and TV directors Wenn Deramas and Francis Xavier Pasion have fast-tracked the

release of Labour Advisory No. 4 on 26 April 2016 (“DOLE”). DOLE has responded promptly to the pleas of industry workers in establishing better working conditions for them. There has always been an unwritten contract for media industry workers, which requires them to work for long, extended hours. The advisory now sets a limit of eight to twelve working hours per day and requires employers to provide both basic and social welfare benefits for all involved workers. Based on all these cases, it is clearly evident that the government lacks a deep understanding of the industry to formulate policies. While there is a need to establish better policies and reforms, the initiative always comes from the industry. It is not so much about how policy informs the industry but how industry informs and shapes policies.

8.4. Conclusion

As I have discussed, the framing of cultural policy tends to privilege the economic over the cultural element (Throsby, “Cultural Policy” 7). However, cultural policy development is a two-pronged approach where both cultural and economic values are considered in the assessment of policy initiatives (“Cultural Policy” 9, “Economics and Culture” 148-9). As such, there is a need to redefine “industry” to include the missing cultural aspect of filmmaking. Bell and Oakley remind us that cultural policy is not just a matter of administration, what gets funded, or how big or small the film industry is, but it is about engaging with “questions of values, beliefs and priorities in a very fundamental way” (41). Cultural or film policy also does not work effectively by understanding the film industry alone. The policy’s framework and the policymakers’ perception of culture

are as equally important because in the end, it is the culture of Philippine politics that facilitates or impedes industry growth.

The Philippine film industry knows its problems. It has a lot of near-death experiences, reported deaths, and even rebirths. At times, it just seems to be a cycle, and the question of sustainability comes up again. Industry members are working towards a solution but they are also not united as an industry most of the time. However, the *real* problem of Philippine cinema lies in culture itself. Being a colonised country, there is an embedded culture of colonial mentality and indifference towards their own culture. One's own culture is not given high regard because it is viewed to be inferior. As Tolentino points out, "The insularity in Philippine cinema needs to be viewed within certain historical junctures. Somehow the origin and present status of Philippine cinema parallels the movement of capital in this century" ("Geopolitics" viii). The Filipinos generally do not value or embrace their own cultural identity. The Philippines is not so much a "cultured" nation to say the most. This kind of outlook is reflected in the government. The number of policies enacted, the number of pending bills in review, and the organisation of executive departments show how each government administration perceives and values culture. As I have mentioned in Chapter Two, culture is not a top priority.

Therefore, it can be drawn from my discussion that the role of the state is more crucial than having a cultural or film policy itself, as these policies emanate from the government. The appointment of Diño as the new FDCP chair seems to be a good sign, as she comes from the industry, specifically from indie community as an actor. Crossing over to the government side armed with a relatively good working knowledge of the industry's situation, Diño realises that government support is actually available—in all

forms. She stresses however that leadership is just as important as government resources. Her observation is that the government has always just been reactive—it only takes action when there is a request. What is needed is a government with a proactive stance, which takes several steps ahead of the industry, listens to its members, and maps out a long-term vision with them. Initiatives should come from both directions—top-down and bottom-up—through dialogue. The state and the industry need to work side by side in developing a sound policy that covers both cultural and economic values in its framing towards achieving industry growth and sustainability.

Conclusion

Forward to the Economy, Back to the Culture

When del Mundo diagnosed the well-being of Philippine cinema 11 years ago, he also suggested four possible solutions to *cure* the ailing industry: provision of tax incentives, full production grants from the government, the need for an industry leader, and utilisation of the filmmaker's independence—which for del Mundo is the most important. For him, the filmmaker and the industry are two distinct entities. The filmmaker can be detached from the industry and continue making films outside of the industry. ("Pagsusuri"). The question now is: Did the industry and the government take his *prescribed medication*? First, the tax incentive system remains to be a proposal. Second, the Film Development Council of the Philippines and the National Commission for Culture and the Arts provide production grants and other forms of support to independent filmmakers. Third, industry leadership is still unaddressed. There are way too many organisations that make the industry more divided than united. Fourth, several filmmakers have exercised their independence in making films but they have overlooked the distribution aspect of filmmaking, which raises the sustainability issue of the indie sector. While del Mundo's recommendations are not definitive solutions, accomplishing two out of four is not a bad score. However, this also does not mean that the industry has won half the battle nor is it halfway to recovery.

This thesis picks it up from that point and revolves around the aforementioned elements of independent filmmaking, distribution, and sustainability. First, it locates and

emphasises the importance of studying film distribution in film studies by providing a more holistic approach from the humanities perspective, which produces a critical understanding of distribution outside of the numbers. Second, it fleshes out the notion of independence in Philippine cinema by tracing its historical development and then discussing the shifting movements between the mainstream and independent area of filmmaking that has produced the in-between space of “maindie.” I then argue that this new label is but a transitional space that forms part the film business cycle. After which, this thesis presents the landscape of the film distribution system by breaking down its different economies in the spectrum and situating it within the context of Philippine cinema. This is the heart of the thesis where various case studies are discussed and from which key arguments are made. I assert that aside from the distribution and exhibition intermediaries that filmmakers have to pass through, they also have to go through the gates of the mainstream sector, which blocks their access to theatrical distribution. I also contend that while online distribution is arguably the future of film distribution, it does not hold the key to the sustainability issue the independent sector seeks to unlock. It is also at this point where I put forward a clearer definition of the semi-formal film distribution economy by using self-distribution as an example. I have also argued that there is an invisible value gained from film piracy and how the process of making the audience as distributor is also developing the audience base of independent films. Finally, while I stress the significance of the role of state in cultural policy development, I also highlight the role of the film industry in policymaking.

Throughout this thesis, I have demonstrated how film production, distribution, and exhibition are interconnected, how the mainstream and indie sectors are interdependent, and how the formal, semi-formal, and informal distribution economies

are intertwined. I have also underscored the inextricable properties of film as a cultural good and economic commodity, and the importance of looking at the film value chain from both cultural and economic perspectives. As such, the general approach of this thesis veers away from binaries and treats the stages of filmmaking as part of a whole ecosystem where each component interacts with one another. This is how I ground my research on the cultural economy framework where I treat culture and economy as complementary elements.

This thesis attempts to address the “big” question of sustainability of the indie sector based on the premise that distribution is its weakest link. Since distribution is seen as the business side of filmmaking, it is never viewed within a cultural context. Hence, it has always been hypothesised that when this aspect is strengthened, it will “solve” the sustainability issue. However, this is where the problem and limitation of existing distribution scholarship that is grounded on economics lie: Distribution is understood only from the economic perspective. This view is not unwarranted since the industry tends to think of distribution only in economic terms. Hence, while the sustainability issue raised by the independent sector is rooted in the economic characteristic of distribution, it is only the surface of the problem. At the heart of the sustainability question is also a cultural issue. Inasmuch as distribution drives the film economy forward, there is a need to make a cultural turn and be more inclusive. Therefore, my research removes distribution from the sole backdrop of economics and sets it on a larger stage to include other factors like cultural, historical, social, political, technological, which affect not just distribution but the whole filmmaking value chain. By approaching the problem from all possible angles and intervening where needed, the sustainability issue is better addressed.

My research reveals that sustainability is not just about film distribution strategies or business models nor is it about the indies or the mainstream or individual filmmakers or production groups; it is about the industry as a whole. Likewise, film distribution is not just about the producer or the distributor; it is also about the audience. As such, sustainability is not entirely an issue of distribution but also of consumption. The weakest link is not (just) distribution but the audience's perception and culture of colonial mentality, which is ingrained in a culture that does not value arts and culture. This is an issue too big to be solved by *simply fixing* the distribution or exhibition system. However, it starts from changing the perspectives and mindset of distributors, exhibitors, and audience. Therefore, the thrust of sustainability should be anchored on critical audience development, film literacy, and the cultivation of national identity and sense of nationalism through a sound cultural or film policy.

Having said that, I believe that this thesis has made the necessary work not just in filling the gap I have identified but also in contributing to the enrichment of film scholarship by applying the two-pronged approach of the cultural economy framework in film industry studies. It bridges the theoretical bifurcation between cultural studies and political economy by offering an integrative approach to studying the film industry as a whole by looking at all segments of the film value chain as interconnected components that complete the picture. It does not privilege the cultural over the economic or vice versa nor does it just focus on production or consumption. As this thesis highlights the role of distribution in film studies, it also provides a strong focus on audience development. It does not dwell on the politics alone by identifying the dominant ideology and casting it in a bad light nor does it point out the struggles of the dominated and "blame" it on those who have the power or who are in control. Cultural

economy accommodates and synthesises what cultural studies and political economy are leaving out by taking a singular approach to studying film distribution. Cultural economy shuns away from the binaries such as culture and economy, or mainstream and indie, or formal and informal. Rather, this thesis strives to strike a balance between these dichotomies and explores their movements across these spaces by complicating the relationships between mainstream and independent cinema, and formal and informal film economies, and by probing into the in-between spaces of their respective spectrum. Cultural economy goes beyond the economic reductionism or cultural neglect of the creative industries and puts the elements of culture and economy side by side and looks at film distribution from both perspectives—that there is a corresponding cultural issue for every economic issue and vice versa. Just as there is film distribution economy, there is also film distribution culture.

As this project is largely interdisciplinary, this thesis also contributes to the growing literature of distribution studies by using a new framework that shifts away from a purely economic discussion and sheds light on the cultural context of film distribution such as those unquantifiable business practices that form part the economic aspect of distribution. While this thesis has utilised box-office figures and other industry-related statistical information, it acknowledges the limitation of their accuracy and validity and does not rely on them in building and analysing the case studies presented. Rather, these data are used to mount a big picture of the industry and demonstrate how the absence of reliable data is a problem in itself and prevents the state and non-industry people from understanding the film industry better. More importantly, this thesis has enriched the discussion of film distribution economy by advancing and expanding a clearer notion of semi-formality that opens up new debates in the field. It has also

generated new knowledge from which future researches can be based by defining the parameters of that grey space between the formal and informal economy.

Finally, in terms of cultural policy, this thesis suggests a “return-to-culture” approach to a policy discourse that is mostly substantiated by economic benefits even if it claims to be cultural. It decentres the economic point of reference and puts culture and economy on equal footing at the centre of discussion from which policies are developed, following a two-way process of top-down and bottom-up approaches. It calls for a proactive stance of the state and the industry where they play a more dynamic role in informing each other towards a more grounded and effective policymaking. On the specifics of film policy, this thesis recommends a reframing of production-driven policies to consider distribution, exhibition, and audience development as legitimate objects of film policy because these are the areas where intervention is much needed.

As I have mentioned at the beginning of this thesis, majority of the films I have used as case studies are feature-length films produced within the last two decades, which have made a mark or considerably made noise in the industry. It excludes shorts, documentaries, animation, experimental films, straight-to-video productions, and the like. While I have also done my best and exhausted my network in giving a near to equal representation of my key research participants that covers each filmmaking aspect from production to distribution to exhibition up to its stakeholders, there may still be sectors that are underrepresented. These include regional and indigenous filmmakers or films that are produced from the regions or films that tackle about their communities and their issues.

However, it is also from these exclusions and limitations that future researches can be made. These can cover how regional or indigenous cinema is defined and how other

film forms like documentaries and short films are distributed and exhibited. My section on non-theatrical distribution can also be expanded to focus on film festivals and film markets as distribution and exhibition platforms. My chapter on the semi-formal film economy can also be developed further in terms of exploring other distribution avenues that can be regarded as semi-formal. A full-scale study on the film exhibition system is also possible since this is an understudied segment of filmmaking, too. This thesis can also be used as basis for cultural policy intervention and conducting an updated study on the state of cultural and creative industries in the Philippines. Lastly, since digital and online distribution is an emerging and ongoing development, it provides a rich area where much research can be done. For instance, the arrival of Netflix and the establishment of other similar distribution channels in the Philippines mean that things are just taking shape. As these technological developments open new doors for research, they also paint a vibrant landscape of film distribution and exhibition in the Philippines.

The demise of the Philippine film industry has been told and foretold time and again. It seems to be perpetually ill. It has been in and out of the intensive care unit, on and off its deathbed, and resuscitated many times by passionate filmmakers who are dedicated to keep the flames of filmmaking alive. Hence, more than its story of deaths, it follows a narrative of constant rebirthing. As one generation of filmmakers dissolves to the background, a new generation fades in to the foreground. The film reel continues to roll and tells the sequel of a maturing Philippine cinema.

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Appendix

Note on Methodology

This supplementary note describes and explains the methodological process I have undertaken for this thesis. As this is the first industry-based and practice-oriented research on film distribution and exhibition in the Philippines, this is also the first time that data on this subject will be gathered. As such, the best way to obtain primary information for this project is through in-depth interviews with people who are directly involved in the film distribution and exhibition business.

In terms of the selection of key research participants, the most effective way is through purposive and snowball sampling primarily because of the size, structure and organisation of this segment of the film value chain. The specificity of this research area automatically narrows down the identification of respondents to a limited number of people who are engaged in film distribution and exhibition in the Philippines. Second, the industry also tends to be exclusivist and close to industry outsiders, which makes it difficult for researchers to secure interview appointments. Sometimes, even industry insiders from the production chain are not welcome to understand how the distribution and exhibition system works. Thus, these seemingly inaccessible or hard-to-reach industry professionals are best reached through a referral system. This creates an initial element of trust between the researcher and the prospective participant, strengthens the researcher's credibility, decreases the possibility of being ignored on initial contact, and increases the chances of getting an interview slot especially since these people have very busy and erratic schedules.

While this thesis is centred on the subject of film distribution, it also incorporates the elements of production and exhibition to highlight the interrelationship and interconnection of the entire film value chain. Hence, the interviewees include a wide range of industry stakeholders such as producers, directors, distributors, exhibitors, and institutional representatives. This approach is aligned with the cultural economy framework that I adopt for this thesis, which aims to provide a balanced perspective on film distribution from key players across the whole film value chain. To a certain extent, this is also a way of crosschecking or validating interview data based on the consistency of various interview responses.

All target interviewees were initially identified based on the selection criteria I have set out in Chapter One. The process of contacting interviewees started from getting in touch with producers and directors who are industry colleagues that I can contact directly, while I had to get the contact information of other participants through the snowballing method. The field interviews were mostly conducted one-on-one, with a number of paired face-to-face interviews, while others were accomplished via email. The interviews are semi-structured and follow a cultural-economy framing that is geared towards fleshing out the cultural and economic components of film distribution in the context of Philippine independent cinema. In general, the questions seek to understand the participants' concept of independent cinema and cultural / film policy, the participants' experiences of going through the film distribution and exhibition process and their views on these business practices, and the participants' perspectives on government support for the film industry. There are also questions that pertain to specific films and organisations from which all case study profiles are built and analyses are made.

The allotted timeframe for the extensive fieldwork in the Philippines was around six months, where bulk of the interviews was held during the first half of 2015 and a couple of follow-up and additional interviews towards the last quarter of 2016. All interview schedules were only finalised upon my arrival in Manila, and I had to be very flexible with my schedule to the point of being an on-call researcher. For example, there was a time that I had to rush to the interviewee's office upon receipt of a last-minute message that s/he was suddenly available that day for an interview. There were also instances when the interview was postponed a number of times due to unforeseen changes in the participant's schedule, and there were also cases when some target respondents could not grant an interview due to very tight schedules.

Careful planning was also made in an attempt to give a near to equal representation of all the players across the whole film value chain. While it is true that producers and filmmakers generally belong to the film production value chain, I position them separately where producers here are decision makers or part of the decision-making team who can green light a film project and thus, may have a different agenda from the filmmakers whose main goal is to create or deliver the film product. However, some are quite tricky to classify because some participants perform dual or multiple roles or have worked across the whole film value chain. In this case, I have classified them based on their most recent or most dominant role that they have assumed in their career. Hence, I would like to note that the list of research participants below should be treated only as a guide to give a general idea on my attempt to cover a wide range of respondents from the mainstream and indie sectors across the whole film value chain and should not be considered as a fixed or restrictive classification since some of these interviewees may have overlapping functions across the different categories.

The following are brief profile descriptions of the research participants who were invited to take part in this study. I want to emphasise that this is only a summative list that defines the participants' previous and/or current roles, while more information is detailed and interspersed in the body of this thesis.

A. Producers

1. Atty. Joji Alonso – independent film producer who established and heads Quantum Films.
2. Albert Almendralejo – independent film producer and distributor who founded Spears Films.
3. Ronald Arguelles – channel head of Cinema One and festival head of Cinema One Originals.
4. Vincent del Rosario – executive vice president of Viva Communications, Inc.
5. Atty. Annette Gozon-Abrogar – president of GMA Films and GMA Worldwide, Inc., a major television network in the Philippines.
6. Dondon Monteverde – president of Reality Entertainment.
7. Roselle Monteverde – president / operations head of Regal Films, one of the oldest film production outfits in the Philippines.
8. Vincent “Ting” Nebrida – has assumed various positions in the film industry in the US and the Philippines, which include being a film critic, screenwriter, executive director of marketing and special projects for Fine Line Features / New Line Cinema, marketing consultant for the *Blair Witch Project*, executive producer / consultant for Unitel Productions, Inc., festival director of CineFilipino Film Festival, and now the president of TBA Studios.

9. Fernando Ortigas and Ed Rocha – founders of Tuko Film Productions, Buchi Boy Entertainment, and Artikulo Uno Productions, which is now known as TBA Studios.
10. Enrico Santos – business unit head of Skylight Films, a brand under the major television network ABS-CBN.

B. Filmmakers (directors/screenwriters)

1. Joyce Bernal – film and television director for major film companies and television networks, and president / co-founder of Spring Films.
2. Lav Diaz – award-winning screenwriter and film director who started working with major film outfits like Regal Films and then took the independent route.
3. Quark Henares – film director and head of production and development for the SVOD platform iflix.
4. Antoinette Jadaone – award-winning screenwriter and film director who started out as an indie filmmaker by joining film festivals, and currently works as a film and television director for ABS-CBN / Star Cinema.
5. Moira Lang and Tammy Dinopol – both are former screenwriters, while Dinopol was also the former creative head of Star Cinema; they co-founded the independent creative group Origin8 Media after leaving Star Cinema.
6. Erik Matti – film director for major film outfits (before) and currently the chief creative officer of Reality Entertainment.
7. Ellen Ongkeko-Marfil – independent film producer and director.
8. Jose Javier Reyes – award-winning screenwriter and film and television director for various major film outfits and television networks; he later set up his own film production company Larga Vista Entertainment.

9. Kidlat Tahimik (Eric de Guia) – internationally acclaimed independent filmmaker and regarded as the father of Philippine independent cinema.

No response / Unavailable:

10. Khavn de la Cruz – multi-talented artist and independent filmmaker, and founder of the .MOV International Film, Music & Literature Festival.

C. Distributors

1. Sherwin dela Cruz – founder of the defunct online distribution platform clickplay.ph, and currently the country manager of the SVOD platform iflix.
2. Rico Gonzales – international and local distribution head of Star Cinema, the leading film production and distribution company attached to ABS-CBN Broadcasting Corporation.
3. Jeanette Hereniko – film curator (Asia and the Pacific Islands) for the electronic academic database publisher Alexander Street Press.
4. Butch Ibañez – managing director of Solar Entertainment Corporation, a film distribution company that operates nine cable channels and is the local affiliate of United International Pictures.
5. Marvin Pedregosa – operations and business support system manager of online distribution platform Blink that operates under OMNI Digital Media Ventures, Inc. and is affiliated with Solar Entertainment Corporation.
6. Eduardo Sazon – seasoned marketing communications practitioner who has been actively involved in film distribution since the pre-mall era.

No response / Unavailable:

7. Julie Stevens – general manager (Asia Pacific) of Alexander Street Press.

8. Derek Tan – co-founder of Viddsee, a streaming platform for independent short films in Asia.

D. Exhibitors

1. Evylene Advincula – operations manager of Robinsons Movieworld, which is run by Robinsons Mall, one of the largest mall chains in the Philippines.
2. James Bartolome – booking and sales promotion manager of Ayala Cinemas, which is run by Ayala Malls, another major chain of malls with multiplex cinemas.
3. Dominic Du – head of the “independent” central booking committee, which manages the scheduling or assignment of playdates for all films due for theatrical release; executive committee member of the Metro Manila Film Festival: vice chair of rules committee, member of special working committee, chair of playdate and sales committee.
4. Precy Florentino – owner / president of Music Museum Group, Inc., which operates Greenhills Shopping Centre where one of the smaller chains of cinemas, Greenhills Promenade and Theatre Mall, is situated.
5. Alex Laviña – former division manager of SM Cinemas, the biggest theatre chain in the Philippines; he currently serves as the Dean of the College of Business and Technology at Arellano University.
6. Salvador “Badi” Leosala – former officer of Theater Consultant, Inc., which handles the theatre operations and booking services for SM and Ayala cinemas; he currently heads the film booking service agency Film Advisors and Consultants, Inc., which serves the smaller cinema chains (especially those located in the regions) across the Philippines.

Declined:

7. Trixie Canivel – content partnerships manager of YouTube Philippines.
8. Marcus Ng – vice president of Cinema 2000, Inc., which owns, operates and manages several cinemas in Manila and greater Luzon area.
9. Gerardo Ocampo – film booking manager of SM Supermalls, which operate SM’s multiplex cinemas across the Philippines.

E. Institutional representatives

1. Teddy Co – head of the national committee on cinema under the Subcommission on the Arts of the National Commission for Culture and the Arts.
2. Liza Diño – chair of the Film Development Council of the Philippines.
3. Nestor Jardin – former president of the Cultural Center of the Philippines and president of the Cinemalaya Foundation, which runs the annual Cinemalaya Philippine Independent Film Festival.
4. Leo Martinez – director general of the Film Academy of the Philippines.
5. Ronnie Ricketts – former chair of the Optical Media Board.